Office of Private Health Partnerships

Agency Specific Presentation

Presentation to the

Joint Committee on Ways and Means
Subcommittee on Human Services

Senator Margaret Carter, Chair

April 2007

OPHP
OFFICE OF
PRIVATE HEALTH PARTNERSHIPS

FHIAP
Family Health Insurance Assistance Program

Revised 4/2/07

Contents

Agency Mission

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To encourage and assist Oregon's small businesses and consumers in making informed health insurance choices by providing outreach, education and referral services; providing access to health insurance through a program for low-income, uninsured Oregonians; and by developing and certifying health benefit plans for uninsured small businesses.

Statutory Missions

Office of Private Health Partnerships (OPHP)

735.702 Duties of office. To increase access to health insurance and health care, the Office of Private Health Partnerships shall provide: (1) Information about health benefit plans and the premiums charged for those plans to self-employed individuals and small employers in Oregon; (2) Direct assistance to health insurance producers and health insurance consumers regarding health benefit plans; (3) A central source for information about resources for health care and health insurance; and (4) Health benefit plans for small employers.

Family Health Insurance Assistance Program (FHIAP)

735.722 Family Health Insurance Assistance Program; eligibility for participation; selection of administrator. (1) There is established the Family Health Insurance Assistance Program in the Office of Private Health Partnerships. The purpose of the program is to remove economic barriers to health insurance coverage for residents of the State of Oregon with family income less than 200 percent of the federal poverty level, and investment and savings less than the limit established by the office, while encouraging individual responsibility, promoting health benefit plan coverage of children, building on the private sector health benefit plan system and encouraging employer and employee participation in employer sponsored health benefit plan coverage.

Agency Vision

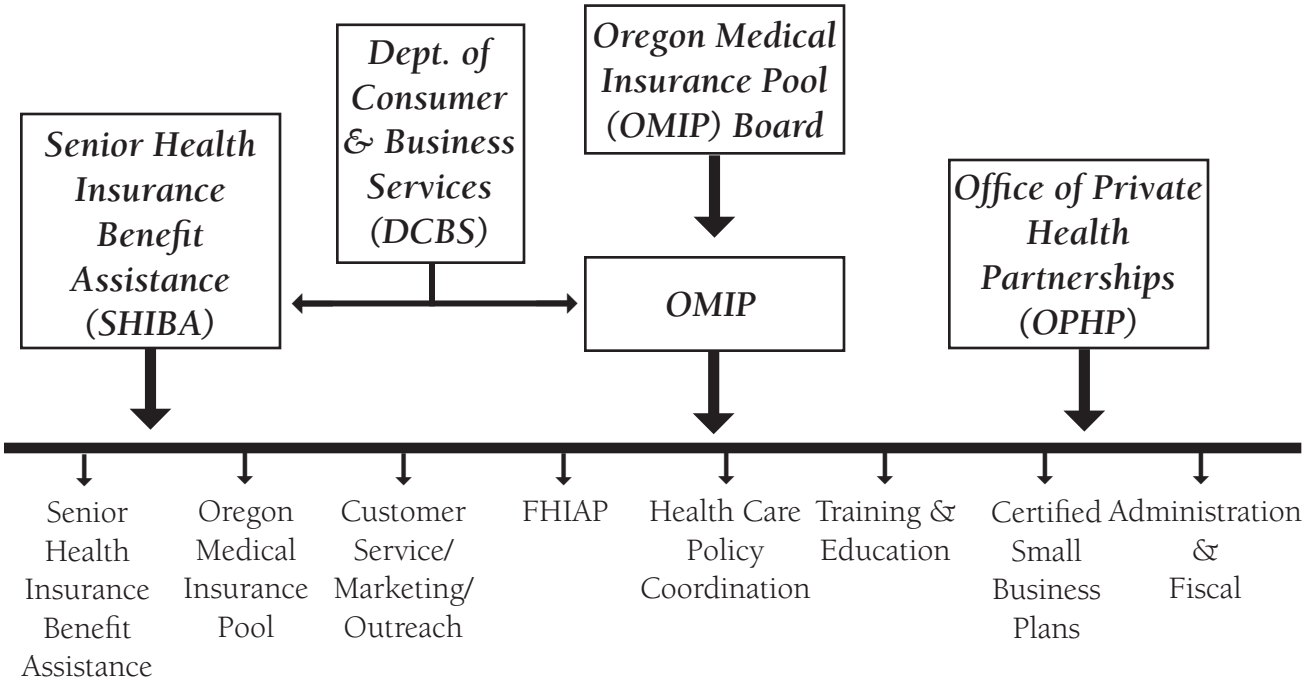
Access to the health benefits system is a critical element in Oregonians' overall quality of life. It's the agency's belief that building strong community-based partnerships can encourage and assist many Oregonians in both understanding their health insurance options and obtaining health care coverage. Staff's understanding of the private insurance market, public health insurance programs and health care issues positions the agency to be an excellent source of health benefit information within the state.

Agency Organization

The Office of Private Health Partnerships (OPHP) started out as a small state agency in 1989 as the Insurance Pool Governing Board (IPGB), with two administrative staff. At that time, the Oregon Medical Insurance Pool (OMIP) was another separate small state agency with no administrative staff. In 1993, OMIP was transferred into the Department of Consumer and Business Services, while OPHP has remained a stand-alone agency. Since the early 1990s, OPHP and OMIP have shared administrative staff through an interagency agreement, including an administrator whose position is housed in the OMIP program.

In 2005, Senate Bill 303 abolished the Insurance Pool Governing Board and replaced it with the Office of Private Health Partnerships (OPHP). Also in 2005, the management of the Senior Health Insurance Benefit Assistance program (SHIBA) was transferred to the administration of Howard "Rocky" King. SHIBA remains part of DCBS, but shares administrative staff with OPHP and OMIP.

Shared Management & Program Structure



Section 1 Appendices

2005-2007 Agency Legislatively Approved Budget Organization Chart

Summary of Primary Programs and Agency Responsibilities

Family Health Insurance Assistance Program (FHIAP)

- FHIAP targets uninsured Oregonians who earn less than 185 percent of the federal poverty level, who through their tax dollars pay for both Medicaid and Medicare, but can't afford their own health insurance. FHIAP focuses on those who are able to purchase insurance through an employer but can't afford to do so.
- FHIAP serves both parents and children, as well as other adults, many of whom have high-risk health conditions.
- The agency is responsible for the administration of FHIAP, including maintaining the reservation list of Oregonians wanting to apply for subsidy assistance, and for releasing applications and determining eligibility for the program to remain within legislatively approved budget authority.
- The agency is also responsible for the marketing, outreach and education efforts for FHIAP.

Information, Education & Outreach Program (IEO)

- The agency is responsible for providing agent referral services to businesses and individuals who need the help of a specially trained insurance producer (agent).
- OPHP provides no- or low-cost continuing education programs for health insurance producers (agents). These include short (one or two hour) single-subject courses, as well as a four-hour course for newly-licensed agents. In addition, OPHP provides no-cost training to stakeholders/partners.
- OPHP continues to develop and distribute publications, some in both English and Spanish, on the benefits of health insurance for use by producers (agents), small employers and consumers.
- The IEO staff do extensive and intensive outreach to businesses to help promote the use of FHIAP for those low-income, uninsured employees who can't afford to enroll in the employers health benefit plan at work.

Certified Plans for Small Employers

- House Bill 2537 (2003) directed IPGB (now OPHP) to develop new plans for uninsured small businesses with between 2-50 employees, who didn't offer insurance prior to July 1, 2003; or new businesses formed after that date that don't offer health coverage benefits.
    - In 2004, two plans were developed, including an Alternative Group Plan for adults and the Children's Group Plan for children of employees.

- ❖ Since March 2005, these plans have been offered by Regence BlueCross BlueShield of Oregon and HealthNet of Oregon.
- ❖ These plans are scheduled to sunset January 2, 2008.

- ◆ The agency developed the benefit plan design and administered the contracting process, including the development of the Request for Proposal (RFP).
- ◆ OPHP also creates and distributes marketing materials for health insurance producers (agents) and the contracted insurance companies to use when contacting small uninsured businesses about the certified plans.
- ◆ Despite these efforts and the general trend of fewer employers offering health insurance coverage, these plans weren't purchased by small employes for a variety of reasons. *(See Certified Plan Report in the Appendices.)*

The Governor's Healthy Kids Plan

- ◆ OPHP will play a key role in the Governor's Healthy Kids Plan, as outlined in the Governor's Recommended Budget and House Bills 2200 and 2201, as well as in the Healthy Kids Plan in Senate Bill 31. The agency has been part of the planning and development of all these bills for more than a year.
- ◆ OPHP will administer the premium billing and subsidy payments, as well as enroll children in the plan their parents select, or will administer the premium reimbursement process for those enrolled in employer-sponsored insurance.
- ◆ OPHP (in collaboration and coordination with the Department of Human Services) is responsible for the outreach and marketing efforts for Healthy Kids to children of all income levels. This includes creating marketing messages and themes for a variety of different cultures and geographic areas; developing and delivering training to a wide range of stakeholders (including state agency staff, schools, advocacy groups, business and industry groups, among others); and providing publications and other outreach and educational materials.
- ◆ OPHP will coordinate and award outreach grants aimed at providing funding at the local, grassroots level to encourage children to enroll in Healthy Kids and to stay enrolled in the program.

Section 2 Appendices

Agency History

Insurance Pool Governing Board/ Office of Private Healthy Partnerships

In the late 1980s, Oregon recognized the health and well being of its citizens as a critical element in the state's continued prosperity heading into the 21st century. With 18 percent of Oregonians lacking insurance and 21 percent of children uninsured, the Oregon State Legislature wanted a new approach to expanding access to health care coverage. This new approach, called the Oregon Health Plan (OHP), relied on public and private programs to bring Oregonians health benefits. IPGB contributed to this approach by encouraging private-sector group health insurance market growth with limited public-sector funds. At the time IPGB began offering plans, 60 percent of Oregonians received employer-based health insurance. By 1998, that figure had climbed to 72 percent; even as other states experienced a drop in employer-based insurance. However, by 2003 Oregon's percentage of employer-based health insurance had dropped to 53 percent compared to the U.S. average of 54 percent.

IPGB initially designed a basic, no-frills benefit package. It was offered at a set price to both small employers and to the self-employed. Exempt from certain insurance mandates, the IPGB-certified plans were available to employers (including the self-employed) who had not offered group health insurance benefits in two years — essentially a first-time buyer's plan. For six years, businesses that purchased IPGB-certified plans received a small, declining and non-refundable tax credit, which sunset in 1995. Eventually, insurance carriers offering IPGB-certified plans were allowed to offer higher benefit (and higher cost) plans to interested small employers.

In 1993, the legislature funded a marketing program within IPGB to increase enrollment in the certified plans, though part of this marketing effort was of an "institutional" nature, touting the overall benefits of health insurance. IPGB's participation in the Oregon Association of Broadcasters' Non-Commercial Sustaining Announcement (NCSA) program was a key element of this marketing effort. During the following three years, IPGB enrollment reached record levels. With peak enrollment in 1996, more than 30,000 people received health benefit coverage through an IPGB-certified plan.

Major health insurance market reforms enacted by the legislature during the 1990s decreased the need for the specialized IPGB benefit plans, and the protection and affordability they offered. There was a slow migration from the IPGB plans to the regular market beginning in 1996. By 1998, enrollment had dropped to around 17,000 employees and dependents. The IPGB Board recommended dropping the certified plans in 1998, and the 1999 Legislature passed Senate Bill 414 to remove certification of plans from IPGB's statutes.

House Bill 2537, passed by the 2003 Oregon Legislature, again directed the IPGB to develop certified health insurance plans for small uninsured businesses, with benefits reduced to a level that offers significant decreases in the cost of plans. At the end of the 2003 session, IPGB began to work with health insurance agents and insurance carriers to identify benefit requirements and to design health benefit plans. The draft plans were presented to focus groups of agents, carriers, small business employers and other interested stakeholders statewide. The two plans that were devel-

oped are the Alternative Group Plan and the Children's Group Plan. During the summer of 2004, IPGB released a Request for Proposal (RFP) to see which carriers would be interested in offering IPGB certified plans and at what rates. HealthNet of Oregon and Regence Blue Cross Blue Shield of Oregon were selected as the carriers for these two plans. The two new IPGB certified plans were available for purchase on March 1, 2005. The Governor held a press conference on January 31, 2005 to announce the availability of these two new plans and show his support.

The agent referral program started in 1993, when the agency realized that many small business owners did not know how to buy a health insurance plan and needed the help of an agent. Licensed health insurance agents must attend an IPGB-sponsored training seminar and sign an agreement with the agency to be a part of the agent referral program. When employers or consumers contact the IPGB, our staff assigns the caller an agent in their area. IPGB follows up with the agent to find out if the customer purchased a health benefit plan.

To keep health insurance agents current with sweeping reforms enacted in the 1990s in public-sector health benefit programs, the IPGB developed continuing education programs (CE) with the Oregon Association of Insurance and Financial Advisors and the Oregon Association of Health Underwriters. These three-hour classes provided agents statewide with the latest state and federal regulatory changes and reforms, as well as in-depth information on OHP. In recent years, this training has also included information on non-traditional and non-insurance based health care resources, such as rural or safety net clinics and public health departments. IPGB also developed several one- and two-hour courses eligible for CE credit. These "mini courses" often focus on a single subject or on a limited group of related subjects.

In July 2004, IPGB launched a four-hour, no-cost CE class designed to give newly licensed agents a strong background in public health benefit programs as well as the small employer group/individual markets and agent regulatory requirements. The goal is to better educate the 100-200 health insurance agents who are licensed each month in Oregon, and to strengthen the agency's partnerships with agents and their associations.

During the development of these classes, IPGB found an unmet need for simple, easy-to-understand publications on health insurance and the OHP. The agency continues to produce publications, many in both English and Spanish, on the benefits of health insurance for use by agents, small employers and consumers.

Senate Bill 303 (2005) abolished the IPGB and its policy-making board, replacing it with the Office of Private Health Partnerships (OPHP). OPHP has the same missions and continues to administer the same programs as IPGB.

Family Health Insurance Assistance Program (FHIAP)

In 1997, the Oregon Legislature passed House Bill 2894 which established the Family Health Insurance Assistance Program (FHIAP) to provide premium subsidy assistance to low-income, uninsured Oregonians. FHIAP made its first premium payments in July 1998. When passed by the Legislature in 1997, FHIAP was expected to serve approximately 15,000 people at the end of the implementation and ramp-up of enrollment periods.

Several unforeseen challenges rendered this estimate impracticable. A smaller than predicted proportion of FHIAP members enrolled in group-based plans, and a higher than predicted proportion of FHIAP members enrolled in the Oregon Medical Insurance Pool (OMIP). Coinciding with these events, the implementation of the State Children's Health Insurance Assistance Program (SCHIP) translated into significantly fewer children enrolling in FHIAP.

These factors, along with indications from the Governor's Office that the total funds in the recommended budget would not be increased, caused the agency to revise the number of people FHIAP could serve during the 1997-1999 biennium, such that the estimate was reduced from 15,000 to between 6,500 and 7,000. The 1999-2001 Legislatively Adopted Budget totaled $3 million less than the 1997-1999 current service level recommended in the 1999-2001 Governor's Recommended Budget. FHIAP was able to implement the budget reduction through natural attrition and was thereafter targeted to serve between 5,000 and 5,250 people.

In 2000, IPGB took over the day-to-day operations of FHIAP from its Third Party Administrator (TPA), which had chosen to terminate its contract with the State. In order to absorb the additional workload this change created, IPGB added 12 employees in limited duration, work-out-of-class or temporary positions, and created distinct work units to improve customer service and operational efficiency. Even with the additional positions, the IPGB staff totaled 13 fewer employees than the TPA had used.

In May 2002 the Emergency Board approved converting the 12 limited duration positions to permanent full-time positions and created 23 new permanent full-time positions in anticipation of federal waiver approval and implementation of an increased caseload of up to 25,000 lives. After receiving federal approval of the waivers in October 2002, the October 2002 Emergency Board approved an additional 17 permanent full-time positions with the understanding that the agency would come before the Legislature if further positions were required.

During the 2003-2005 Biennium, FHIAP filled these positions as needed to meet program requirements. To meet increased enrollment by the end of the 2003-2005 biennium, vacancies were filled and additional staff added as double-fills, job rotations and temporaries to process applications. In 2005, Policy Option Package 101, eliminated in the Governor's Balanced Budget, sought to establish these as permanent positions in the agency. Policy Option Package 102, also removed in the Governor's Balanced Budget, sought to create one position to manage the new certified plans program.

In May 2002 Oregon applied for an amendment to an existing federal waiver and an additional waiver from the U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services (CMS). If granted, the waivers would permit an incremental expansion of the Oregon Health Plan up to 185 percent of the Federal Poverty Level (FPL). A substantial amount of the expansion was for the FHIAP program. In October 2002 Oregon was given approval for the waivers and an outline of the terms and conditions of the waiver. One of the terms and conditions of the waiver approval is called Maintenance of Effort (MOE) - FHIAP's requirement to expend state funds at or above the level expended in SFY 2002. This means that over the course of the five-year demonstration project FHIAP must spend the same amount in General Fund that it spent in 2002, in addition to the federal matching funds it receives. Based on SFY 2002 spending levels, Oregon MOE level for FHIAP over the five years of the demonstration is nearly $40.9 million in state funds.

FHIAP Subsidy Chart — 2007

FHIAP Average Gross Monthly Income Guidelines — Effective 1/24/07. Note: These guidelines change each year.

Family Size	95%	90%	70%	50%
1	$0.00-$1,064.00	$1,064.01-$1,277.00	$1,277.01-$1,447.00	$1,477.01-$1,575.00
2	$0.00-$1,427.00	$1,427.01-$1,712.00	$1,712.01-$1,940.00	$1,940.01-$2,111.00
3	$0.00-$1,789.00	$1,789.01-$2,147.00	$2,147.01-$2,433.00	$2,433.01-$2,648.00
4	$0.00-$2,152.00	$2,152.01-$2,582.00	$2,582.01-$2,926.00	$2,926.01-$3,184.00
5	$0.00-$2,514.00	$2,514.01-$3,017.00	$3,017.01-$3,419.00	$3,419.01-$3,721.00
6	$0.00-$2,877.00	$2,877.01-$3,452.00	$3,452.01-$3,912.00	$3,912.01-$4,257.00
7	$0.00-$3,239.00	$3,239.01-$3,887.00	$3,887.01-$4,405.00	$4,405.01-$4,794.00
8	$0.00-$3,602.00	$3,602.01-$4,322.00	$4,322.01-$4,898.00	$4,898.01-$5,330.00

How to use this chart:

- Add your family's gross income for the past three months and divide by three. This is your average monthly income.
- Find your family size in the left column. Follow the family size row across to the column with your average monthly income.
- The number at the top of the column is the percent of the health insurance premium cost FHIAP will pay.

FHIAP Subsidy Levels

Subsidy levels are based on a family's average monthly gross income and are a percentage of the premium costs.

- Up to 125% of FPL — 95% subsidy
- 125% up to 150% of FPL — 90% subsidy
- 150% up to 170% of FPL — 70% subsidy
- 170% up to 185% of FPL — 50% subsidy

2007 Federal Poverty Levels

Yearly Income	Family Size	Average Hourly Income* 100%	125%	133%	150%	170%	185%	200%	250%	300%	350%
$10,210	1	$4.91	$6.14	$6.53	$7.37	$8.35	$9.09	$9.82	$12.28	$14.73	$17.18
$13,690	2	$6.58	$8.23	$8.76	$9.88	$11.19	$12.18	$13.17	$16.46	$19.75	$23.04
$17,170	3	$8.26	$10.32	$10.98	$12.39	$14.04	$15.28	$16.51	$20.64	$24.77	$28.89
$20,650	4	$9.93	$12.42	$13.21	$14.90	$16.88	$18.37	$19.86	$24.83	$29.79	$34.75
$24,130	5	$11.60	$14.50	$15.43	$17.41	$19.73	$21.47	$23.20	$29.01	$34.81	$40.60
$27,610	6	$13.28	$16.60	$17.66	$19.92	$22.57	$24.56	$26.55	$33.19	$39.83	$46.46
$31,090	7	$14.95	$18.69	$19.88	$22.43	$25.41	$27.66	$29.90	$37.37	$44.85	$52.32
$34,570	8	$16.62	$20.78	$22.11	$24.94	$28.26	$30.75	$33.24	$41.56	$49.86	$58.17
$38,050	9	$18.29	$22.87	$24.34	$27.44	$31.10	$33.85	$36.59	$45.74	$54.88	$64.03
$41,530	10	$19.97	$24.96	$26.56	$29.95	$33.95	$36.94	$39.94	$49.92	$59.90	$69.88
$3,480	each add'l person	$1.67	$2.09	$2.23	$2.51	$2.84	$3.10	$3.35	$4.18	$5.02	$5.86

Yearly Income	Family Size	Average Monthly Income* 100%	125%	133%	150%	170%	185%	200%	250%	300%	350%
$10,210	1	$851	$1,064	$1,132	$1,277	$1,447	$1,575	$1,702	$2,128	$2,553	$2,978
$13,690	2	$1,141	$1,427	$1,518	$1,712	$1,940	$2,111	$2,282	$2,853	$3,423	$3,993
$17,170	3	$1,431	$1,789	$1,904	$2,147	$2,433	$2,648	$2,862	$3,578	$4,293	$5,008
$20,650	4	$1,721	$2,152	$2,289	$2,582	$2,926	$3,184	$3,442	$4,303	$5,163	$6,023
$24,130	5	$2,011	$2,514	$2,675	$3,017	$3,419	$3,721	$4,022	$5,028	$6,033	$7,038
$27,610	6	$2,301	$2,877	$3,061	$3,452	$3,912	$4,257	$4,602	$5,753	$6,903	$8,053
$31,090	7	$2,591	$3,239	$3,446	$3,887	$4,405	$4,794	$5,182	$6,478	$7,773	$9,068
$34,570	8	$2,881	$3,602	$3,832	$4,322	$4,898	$5,330	$5,762	$7,203	$8,643	$10,083
$38,050	9	$3,171	$3,964	$4,218	$4,757	$5,391	$5,867	$6,342	$7,928	$9,513	$11,098
$41,530	10	$3,461	$4,327	$4,603	$5,192	$5,884	$6,403	$6,922	$8,653	$10,383	$12,113
$3,480	each add'l person	$290	$363	$386	$435	$493	$537	$580	$725	$870	$1,015

Yearly Income	Family Size	Average Yearly Income* 100%	125%	133%	150%	170%	185%	200%	250%	300%	350%
$10,210	1	$10,210	$12,763	$13,579	$15,315	$17,357	$18,889	$20,420	$25,525	$30,630	$35,735
$13,690	2	$13,690	$17,113	$18,208	$20,535	$23,273	$25,327	$27,380	$34,225	$41,070	$47,915
$17,170	3	$17,170	$21,463	$22,836	$25,755	$29,189	$31,765	$34,340	$42,925	$51,510	$60,095
$20,650	4	$20,650	$25,813	$27,465	$30,975	$35,105	$38,203	$41,300	$51,625	$61,950	$72,275
$24,130	5	$24,130	$30,163	$32,093	$36,195	$41,021	$44,641	$48,260	$60,325	$72,390	$84,455
$27,610	6	$27,610	$34,513	$36,721	$41,415	$46,937	$51,079	$55,220	$69,025	$82,830	$96,635
$31,090	7	$31,090	$38,863	$41,350	$46,635	$52,853	$57,517	$62,180	$77,725	$93,270	$108,815
$34,570	8	$34,570	$43,213	$45,978	$51,855	$58,769	$63,955	$69,140	$86,425	$103,710	$120,995
$38,050	9	$38,050	$47,563	$50,607	$57,075	$64,685	$70,393	$76,100	$95,125	$114,150	$133,175
$41,530	10	$41,530	$51,913	$55,235	$62,295	$70,601	$76,831	$83,060	$103,825	$124,590	$145,355
$3,480	each add'l person	$3,480	$4,350	$4,628	$5,220	$5,916	$6,438	$6,960	$8,700	$10,440	$12,180

* Computed using Monthly Family Income divided by 173.33 (average monthly work hours for a full time employee) and rounded using normal rounding conventions (0-49 down and 50-100 up). Note: Minimum wage in Oregon is $7.80/hour.

** Computed using HHS Yearly Income multiplied by FPL percent, divided by 12 (months) and then rounding the product up to the nearest dollar.

*** Computed using HHS Yearly Income multiplied by FPL percent and rounded using normal rounding conventions (0-49 down and 50-100 up)

FHIAP Program Principles

In designing the concept for FHIAP, the Legislature wanted to develop a model program that not only protects the well-being of economically disadvantaged Oregonians, but helps them to become self-reliant. Towards that goal, the program is designed based on the following principles:

- **Fosters independence and self-reliance —** The subsidy amount decreases as family income increases, so the affordability of health coverage will not end when families work their way off of welfare or increase their income through job advancement.
- **Encourages comparison shopping and consumer choice —** Eligible families without employer-sponsored coverage may apply the subsidy to their choice from among a variety of health benefit plans in the individual market.
- **Respects confidentiality and maintains personal dignity —** Oregonians using the subsidy are not stigmatized in any way.
- **Assures administrative simplicity and efficiency —** Program administration does not require the development of a new government agency, and the program design encourages participation and is easily accessible to the customer.
- **Not an entitlement —** Program expenditures are limited to the funding allocated and the expenditures authorized by the Legislature. Being eligible for the program doesn't guarantee that a person or family will receive the subsidy.
- **Responds to "real life" issues of maintaining a household budget on a modest income —** Subsidies are adequate enough to make health insurance more affordable, as well as recognize a family's cash flow needs.
- **Builds on strengths of the current system —** Encourages and builds upon employer-based coverage, and recognizes that providing access to health care to all Oregonians requires collaboration between the private and public sectors.
- **Extends health coverage to the uninsured —** The goal of the program is to remove economic barriers and increase the number of Oregonians with access to health care.
- **Emphasizes health insurance for children —** Adults are eligible for the subsidy only if all eligible children in the family are covered by a health benefit plan or the Oregon Health Plan.
- **Promotes equity in health care financing —** The program targets those working Oregonians who through their tax dollars help pay for both Medicaid and Medicare, yet cannot afford health coverage themselves.

FHIAP Snapshot — March 30, 2007

Enrollment Summary for both Individual (OMIP and Non-OMIP) & Group Markets

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	*Total*
Children 0-18	257	630	944	2,457	4,288
Adults 19-up	381	994	1,918	7,172	10,465
Totals	**638**	**1,624**	**2,862**	**9,629**	**14,753**
Percentage of Total	***4.3%***	***11.0%***	***19.4%***	***65.3%***	***100.0%***

Average Subsidy and Premium

	Individual	*Group*	*Weighted average*
Average monthly premium* per person enrolled:	272.14	148.22	**$ 225.14**
Average monthly subsidy per person enrolled:	249.43	128.94	**$ 203.74**
Average monthly member contribution per person enrolled:	22.71	19.28	**$ 21.40**

**Doesn't include employer contribution in group figures*

Age By Market Type

Individual Market			*Group Market*			*Both Markets*		
Age	*No.*	*Percent*	*Age*	*No.*	*Percent*	*Age*	*No.*	*Percent*
0-5	448	4.9	0-5	708	12.7	0-5	1,156	7.8
6-18	1,252	13.7	6-18	1,880	33.6	6-18	3,132	21.2
19-29	1,327	14.5	19-29	838	15.0	19-29	2,165	14.7
30-39	1,611	17.6	30-39	1,056	18.9	30-39	2,667	18.1
40-49	1,849	20.2	40-49	753	13.5	40-49	2,602	17.6
50-59	1,813	19.8	50-59	296	5.3	50-59	2,109	14.3
60+	858	9.4	60+	64	1.1	60+	922	6.2
Total	**9,158**	**100.0**	**Total**	**5,595**	**100.0**	**Total**	**14,753**	**100.0**
Median Age: 39.0			*Median Age: 22.0*			*Median Age: 33.0*		
Average Age: 37.0			*Average Age: 23.9*			*Average Age: 32.1*		

Gender By Market Type

Individual Market			*Group Market*			*Both Markets*		
	No.	*Percent*		*No.*	*Percent*		*No.*	*Percent*
Male	3,507	38.3	Male	2,477	44.3	Male	5,984	40.6
Female	5,651	61.7	Female	3,118	55.7	Female	8,769	59.4
Total	**9,158**	**100.0**	**Total**	**5,595**	**100.0**	**Total**	**14,753**	**100.0**

Length of Enrollment by Market Type

Active FHIAP Members		*Terminated FHIAP Members*	
Market	*Ave. Months Enrolled*	*Market*	*Ave. Months Enrolled*
OMIP	20.0	OMIP	13.1
Non-OMIP Individual	23.0	Non-OMIP Individual	15.6
Group	18.6	Group	17.3
Average	**20.5**	**Average**	**15.4**

Geographic Distribution of Enrolled Members

Region (Counties)	*Lives*	*FHIAP Percentage*
NW/North Coast (Clatsop, Columbia, Lincoln, Tillamook)	731	5%
Metropolitan Portland (Clackamas, Washington, Multnomah, Yamhill)	5,141	35%
Willamette Valley (Benton, Lane, Linn, Marion, Polk)	4,114	28%
Southern/South Coast (Coos, Curry, Douglas, Jackson, Josephine)	2,765	19%
Mid-Columbia (Gilliam, Hood River, Morrow, Sherman, Umatilla, Wasco, Wheeler)	517	4%
Central (Crook, Deschutes, Jefferson)	667	5%
Southeast (Grant, Harney, Klamath, Lake)	367	2%
Northeast (Baker, Malheur, Union, Wallowa)	431	3%
Other	20	0%
Totals	**14,753**	**100%**

Ethnic & Racial Heritage of Enrolled Members

Ethnicity/Race	*Lives*	*FHIAP Percentage*
African-American	333	2.3%
Asian/Pacific Islander	622	4.2%
Hispanic	677	4.6%
White	11,990	81.3%
Native American	167	1.1%
Other	490	3.3%
Not given	474	3.2%
Totals	**14,753**	**100%**

FHIAP Demographic Profile — Group Market (3-30-2007)

Group Enrollment

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	*Total*
Children 0-18	200	446	653	1,289	2,588
Adults 19-up	216	482	798	1,511	3,007
Totals	**416**	**928**	**1,451**	**2,800**	**5,595**
Percentage of Total	***7.4%***	***16.6%***	***25.9%***	***50.1%***	***100.0%***

Average Subsidy for Group Market — Including Self-insured & COBRA/Portability

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	***Weighted average***
Member Contribution	64.26	41.28	14.30	7.87	**$ 19.28**
Subsidy Per Month	64.26	96.32	128.71	149.51	**$ 128.94**
Employee Premium Share	128.52	137.61	143.01	157.38	**$ 148.22**
Employer Contribution	117.55	107.17	109.77	97.10	**$ 103.58**

Average Subsidy for Group Market — Excluding Self-insured & COBRA/Portability

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	***Weighted average***
Member Contribution	64.62	39.36	13.74	7.27	**$ 18.88**
Subsidy Per Month	64.62	91.83	123.62	138.11	**$ 120.71**
Employee Premium Share	129.23	131.18	137.36	145.38	**$ 139.59**
Employer Contribution	121.60	117.61	116.71	110.92	**$ 114.42**

Age By Market Type

Group Market

Age	*No.*	*Percent*
0-5	708	12.7
6-18	1,880	33.6
19-29	838	15.0
30-39	1,056	18.9
40-49	753	13.5
50-59	296	5.3
60+	64	1.1
Total	**5,595**	**100.0**

Median Age: 22.0
Average Age: 23.9

Gender By Market Type

Group Market

	No.	*Percent*
Male	2,477	44.3
Female	3,118	55.7
Total	**5,595**	**100.0**

Length of Enrollment

Active FHIAP Members		*Terminated FHIAP Members*	
Market	*Ave. Months Enrolled*	*Market*	*Ave. Months Enrolled*
Group	18.6	Group	17.3

Geographic Distribution of Enrolled Group Members

Region (Counties)	*Lives*	*Percentage in this Market*
NW/North Coast	222	4.0%
Metropolitan Portland	1,991	35.6%
Willamette Valley	1,809	32.3%
Southern/South Coast	862	15.4%
Mid-Columbia	188	3.4%
Central	268	4.8%
Southeast	114	2.0%
Northeast	141	2.5%
Totals	5,595	**100%**

Ethnic & Racial Heritage of Enrolled Members

Ethnicity/Race	*Lives*	*Percentage in Group Market*
African-American	146	2.6%
Asian/Pacific Islander	115	2.1%
Hispanic	373	6.7%
White	4,414	78.9%
Native American	97	1.7%
Other	248	4.4%
Not given	202	3.6%
Totals	**5,595**	**100%**

FHIAP Demographic Profile — Non-OMIP Ind. Market (3-30-2007)

Non-OMIP Individual Enrollment

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	*Total*
Children 0-18	51	166	257	1,048	1,522
Adults 19-up	98	299	588	2,858	3,843
Totals	**149**	**465**	**845**	**3,906**	**5,365**
Percentage of Total	***2.8%***	***8.6%***	***15.8%***	***72.8%***	***100.0%***

Average Subsidy for Non-OMIP Individual Market

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	***Weighted average***
Premium Per Month	172.40	184.88	206.54	221.87	**$ 214.95**
Subsidy Per Month	86.20	129.41	186.89	210.78	**$ 196.50**
Member Contribution	86.20	55.46	20.65	11.09	**$ 18.45**

Age By Market Type

Non-OMIP Market

Age	*No.*	*Percent*
0-5	413	7.7%
6-18	1,109	20.7%
19-29	954	17.8%
30-39	1,028	19.1%
40-49	866	16.1%
50-59	733	13.7%
60+	262	4.9%
Total	**5,365**	**100.0**

Median Age: 32.0
Average Age: 31.0

Gender By Market Type

Non-OMIP Market

	No.	*Percent*
Male	2,253	42.0
Female	3,112	58.0
Total	**5,365**	**100.0**

Length of Enrollment

Active FHIAP Members

Market	*Ave. Months Enrolled*
Non-OMIP Individual	23.0

Terminated FHIAP Members

Market	*Ave. Months Enrolled*
Non-OMIP Individual	15.6

Geographic Distribution of Enrolled Non-OMIP Individual Members

Region (Counties)	*Lives*	*Percentage in this Market*
NW/North Coast	247	4.6%
Metropolitan Portland	2,080	38.8%
Willamette Valley	1,298	24.2%
Southern/South Coast	1,015	18.9%
Mid-Columbia	168	3.1%
Central	258	4.8%
Southeast	132	2.5%
Northeast	155	2.9%
Other	12	0.2%
Totals	5,365	**100%**

Ethnic & Racial Heritage of Non-OMIP Individual Members

Ethnicity/Race	*Lives*	*Percentage in this Market*
African-American	124	2.3%
Asian/Pacific Islander	411	7.7%
Hispanic	199	3.7%
White	4,278	79.7%
Native American	30	0.6%
Other	154	2.9%
Not given	169	3.1%
Totals	5,365	**100%**

Insurance Plan Distribution of Non-OMIP Individual Members

Insurance Carrier (Top Plans)	*Lives in Plan*	*Total Lives for Carrier*
Regence BlueCross BlueShield of Oregon		2,777
Blue Selections Plus $500	*1,474*	
Blue Selections Plus $500 w/dental	*1,136*	
Kaiser Permanente (*Platinum Rx)*	*777*	873
PacifiCare (*Plan II)*	*201*	201
ODS Health Plans (*Beneficial Rx $1,000)*	*59*	110
HealthNet (*Diamond $250)*	*221*	329
Lifewise (*Plus Plan $500)*	*716*	764
PacificSource (*Elect Plus* $500)	*282*	311

FHIAP Demographic Profile — OMIP Market (3-30-2007)

OMIP Enrollment

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	*Total*
Children 0-18	6	18	34	120	178
Adults 19-up	67	213	532	2,803	3,615
Totals	**73**	**231**	**566**	**2,923**	**3,793**
Percentage of Total	***1.9%***	***6.1%***	***14.9%***	***77.1%***	***100.0%***

Average Subsidy for OMIP Market

Subsidy Levels:	*50%*	*70%*	*90%*	*95%*	***Weighted average***
Premium Per Month	343.84	338.41	359.59	339.42	**$ 342.45**
Subsidy Per Month	171.92	236.88	323.63	322.45	**$ 314.51**
Member Contribution	171.92	101.52	35.96	16.97	**$ 27.95**

Age By Market Type

OMIP Market

Age	*No.*	*Percent*
0-5	35	0.9%
6-18	143	3.8%
19-29	373	9.8%
30-39	583	15.4%
40-49	983	25.9%
50-59	1,080	28.5%
60+	596	15.7%
Total	**3,793**	**100.0**

Median Age: 48.0
Average Age: 45.0

Gender By Market Type

OMIP Market

	No.	*Percent*
Male	1,254	33.1
Female	2,539	66.9
Total	3,793	**100.0**

Length of Enrollment

Active FHIAP Members

Market	*Ave. Months Enrolled*
OMIP	20.0

Terminated FHIAP Members

Market	*Ave. Months Enrolled*
OMIP	13.1

Geographic Distribution of Enrolled OMIP Members

Region (Counties)	*Lives*	*Percentage in this Market*
NW/North Coast	262	6.9%
Metropolitan Portland	1,070	28.2%
Willamette Valley	1,007	26.6%
Southern/South Coast	888	23.4%
Mid-Columbia	161	4.2%
Central	141	3.7%
Southeast	121	3.2%
Northeast	135	3.6%
Other	8	0.2%
Totals	**3,793**	**100%**

Ethnic & Racial Heritage of OMIP Members

Ethnicity/Race	*Lives*	*Percentage in this Market*
African-American	63	1.7%
Asian/Pacific Islander	96	2.5%
Hispanic	105	2.8%
White	3,298	86.9%
Native American	40	1.1%
Other	88	2.3%
Not given	103	2.7%
Totals	**3,793**	**100%**

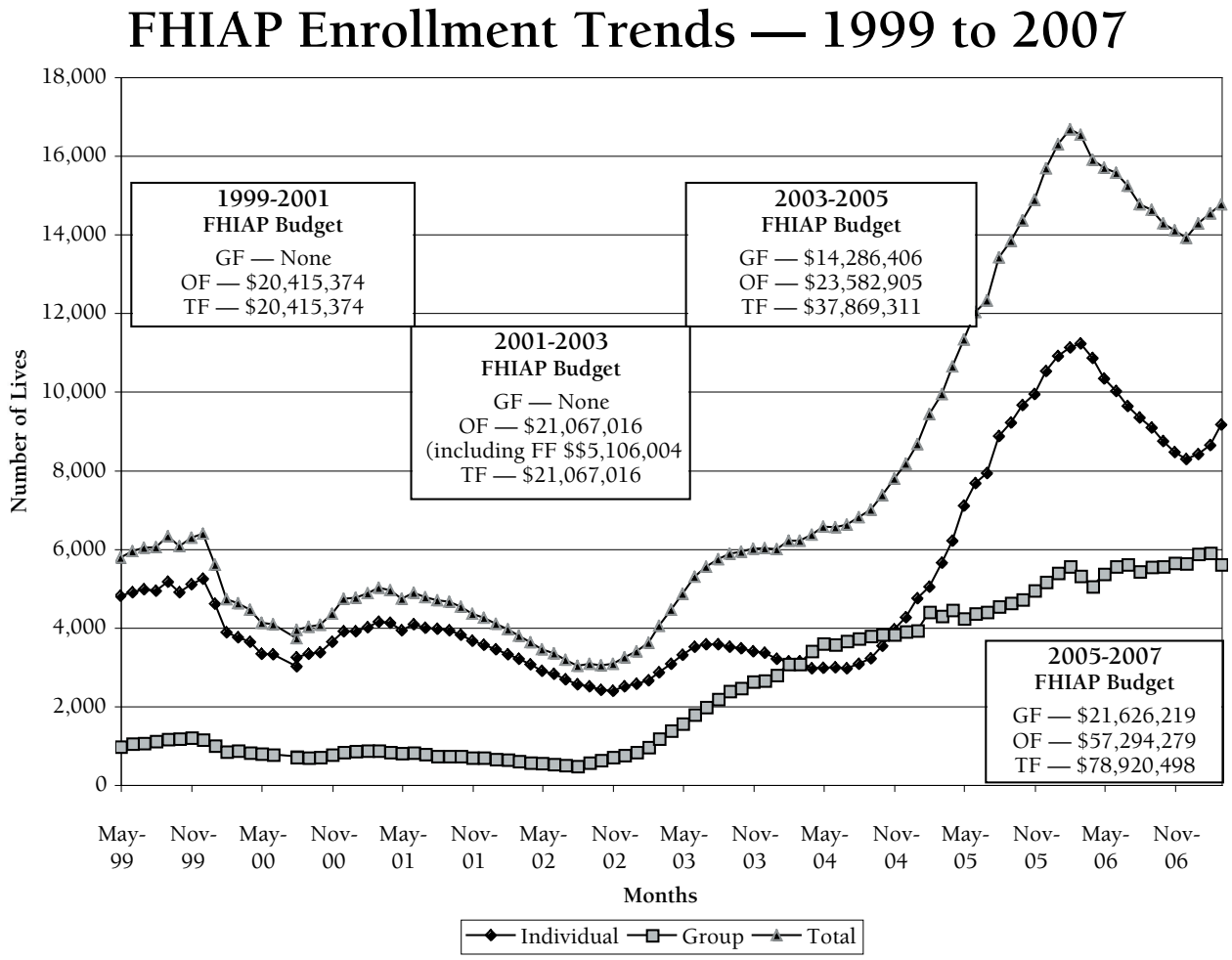
Insurance Plan Distribution of OMIP Members

Insurance Carrier (Plans)	*Lives in Plan*	*Total Lives*
Oregon Medical Insurance Pool		3,793
$500 deductible	3,651	
$750 deductible	142	

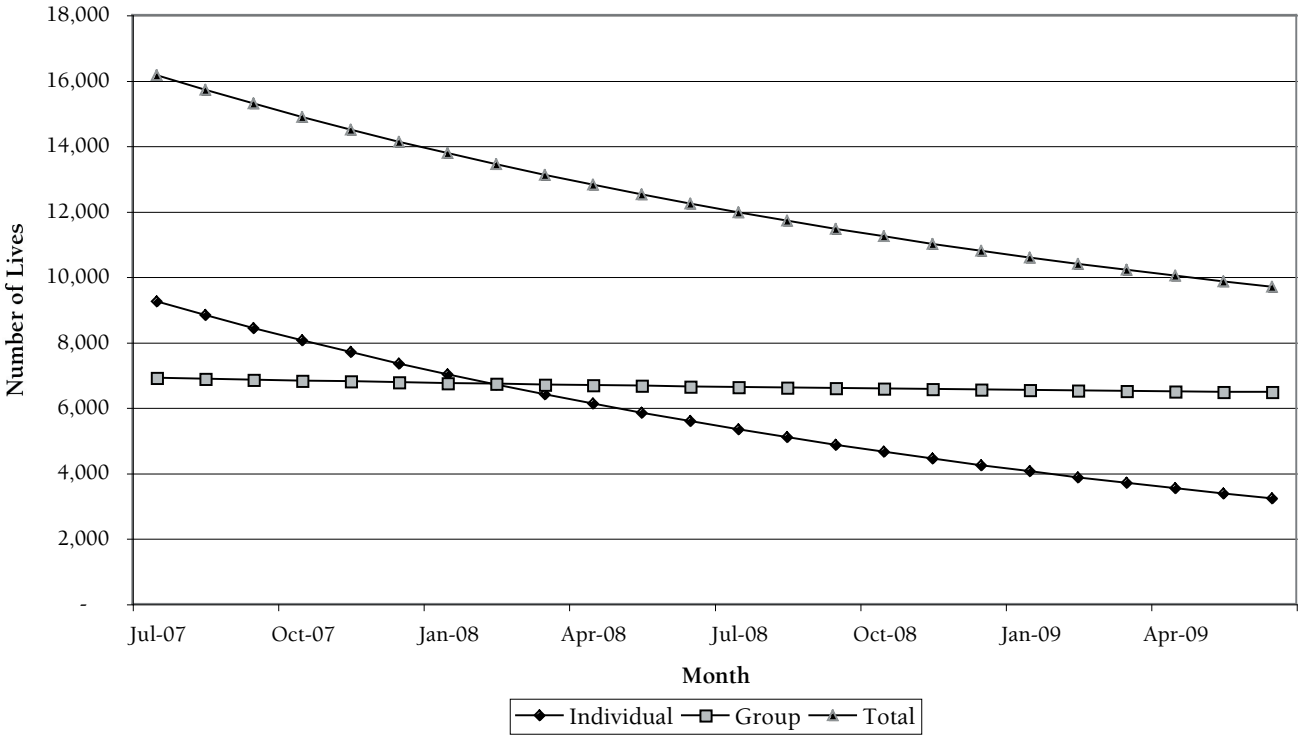
Key Budget Drivers & Major Issues

Caseloads for FHIAP

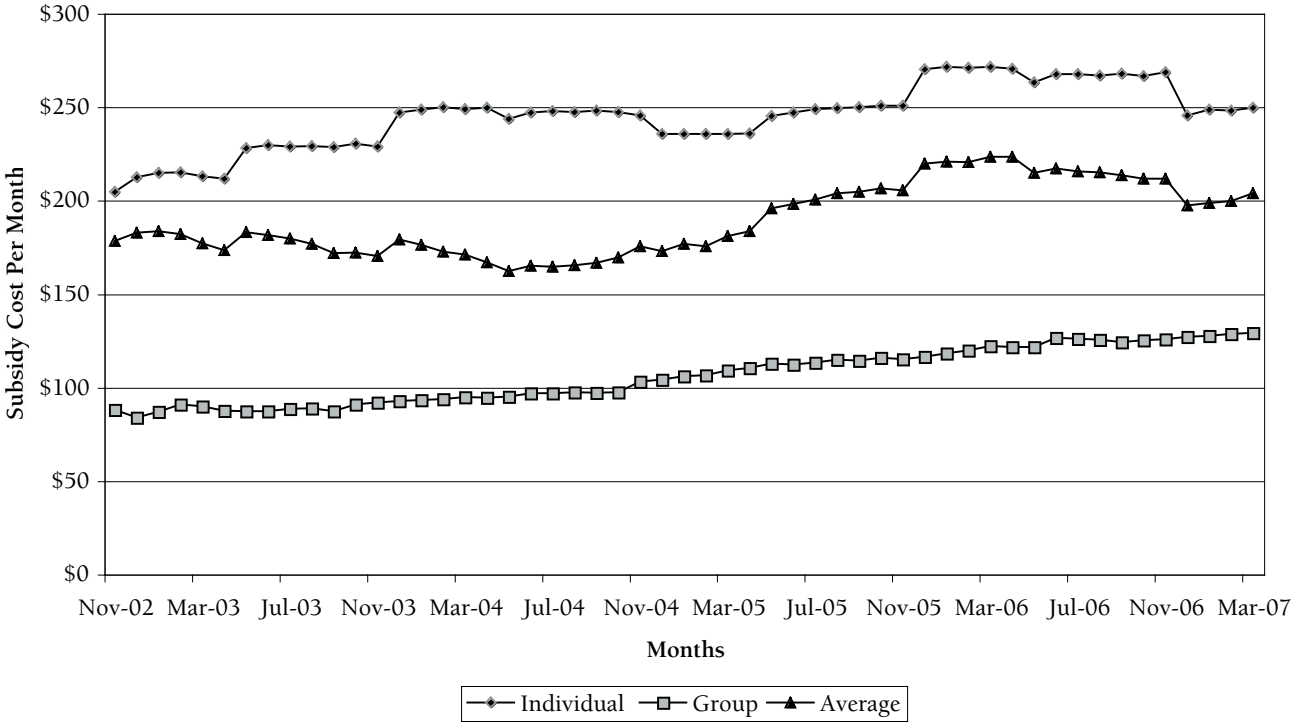
- Historically, the caseloads for FHIAP have been a reflection of the budget, rather than a reflection of need. The following chart shows enrollment levels since 1999, along with major program milestones to provide context.



Projected FHIAP Enrollment 2007-2009 (GRB)



FHIAP Subsidy Costs — 2002 to 2007



Federal Maintenance of Effort (MOE)

- The Health Insurance Flexibility and Accountability (HIFA) demonstration waiver granted to Oregon gives the State the flexibility in using federal funds to expand health care services previously financed with state dollars, to low-income individuals and families. In exchange for this flexibility Oregon, as well as other states, is required to meet Maintenance of Effort (MOE). MOE requires that state contribution to expenditures during the waiver period must equal or exceed the level of expenditures prior to the waiver.

- During state fiscal year (SFY) 2002 FHIAP spent $8,175,019 of Other Funds (Tobacco Settlement Funds). According to the initial CMS Terms and Conditions, FHIAP must continue to spend at this level (on average over the five years of the demonstration project) to meet the federal MOE requirement. The total amount that must be expended at the end of the demonstration period (October 31, 2007) is $40,875,395.

- The 2003 Legislature convened shortly after implementation of the project. Oregon's economic downturn predicated serious budget shortfalls. The Legislature, assuming Oregon's economy would rebound during the course of the biennium, reduced General Fund to FHIAP by $3,242,034. At the time, policy makers believed that the program could regain momentum and meet the MOE requirement with the infusion of additional General Fund dollars during the 2005-2007 biennium.

- During the 2003-2005 biennium, several factors impacted the anticipated expansion of the program as outlined in Oregon's application to CMS. Initially, the agency focused on maximizing new enrollments in the employer sponsored insurance market, also called ESI or group. Nationally, this group has been difficult to entice with marketing efforts. However, because of the employer contribution, the group market is generally less expensive than the individual market, allowing the state to assist more Oregonians with a commensurate level of funding. While group enrollment in FHIAP is increasing as a percentage of overall enrollment, growth has not been what the agency anticipated.

- With the failure of Ballot Measure 30 in February 2004, there was concern and discussion about how reductions to the Oregon Health Plan Standard population would affect the waiver, and how the FHIAP program might be able to respond to individuals losing coverage through OHP. During these discussions, marketing efforts were scaled back considerably. Because of these circumstances, Oregon was in danger of not being able to meet its MOE requirement. In June 2004 OPHP (then IPGB) was given direction to begin saturation-marketing efforts, resulting in an expansion of the FHIAP program in the individual insurance market.

- During the 2005 Legislative Session, the Legislature created a $4 million Special Purpose Appropriation, and directed the State to seek federal waivers to use this funding in Department of Human Services programs while counting towards the State's MOE requirement. The Legislature made a corresponding reduction in FHIAP's budget. The State submitted the waiver request in September 2005.

- In October 2005, the State had not received an answer from CMS and the agency reported to the Emergency Board that it would need $2.9 million of the Special Purpose Appropriate (SPA)

to cover the number of people either enrolled in FHIAP, approved for a subsidy but not yet enrolled in an insurance plan, and those Oregonians who had returned an application for the program. The Emergency Board granted the agency's request.

- In April 2006, Oregon received permission to count expenditures for extending the eligibility period from six to 12 months for Title XXI children and increasing the income limit for Title XXI children in OHP Plus and FHIAP up to 200% of the FPL. The April 2006 Special Session allocated the remaining $1.1 million of the SPA to DHS.
- Caseload forecasts in October 2005 showed that enrollments would crest, and then need to gradually attrition to keep expenditures within FHIAP's Legislative Approved Budget (including the SPA), meaning no new applications would be sent out in the individual market. However, in mid-2006 several unexpected factors caused FHIAP to begin releasing individual market applications. Those factors included: higher than projected termination rates, slower than projected enrollments by home health care workers (HUBB), and premium rate reductions (rather than increases) for two of FHIAP's largest individual market carriers. FHIAP has slowly been increasing its enrollments for several months, but may need to have higher enrollments in the first four months of the 2007-09 biennium to meet its portion of MOE, and would then reduce enrollment levels during the remainder of the biennium.
- In October 2006, the Department of Human Services submitted the state's Waiver Renewal Application to CMS to extend Oregon's OHP demonstration project. The waiver application itself does not address MOE. Any MOE requirements will be set forth in the Special Terms and Conditions when the extention is granted.

Sustainable funding for FHIAP

- Over the years, the levels of funding for the program (and thus enrollment levels) have fluctuated significantly because of the recession in the state and corresponding revenue shortfalls. This creates a challenge for the program, as it is difficult for stakeholders/partners and the general public to know if the program is open to new enrollments, or how viable the future of the program will remain.
- Throughout the history of FHIAP, thousands of people have asked to be placed on the program's reservation list for an opportunity to receive an application when there is room in the program for them. Oregon has over 600,000 people who are uninsured, with almost half of those falling within FHIAP's income limits and many who don't have access to insurance through their employer.
- Having sustainable funding for the program will help build credibility with employers who are sometimes reluctant to partner with a program that suffers continuous budget cuts.

Enrollment in employment-based coverage

- The health insurance industry requires employers to meet certain levels of participation in order to offer dependent coverage. It is difficult to convince employers who currently don't

offer dependent coverage to begin offering it so that their FHIAP-eligible employees can cover their families. They often have employees at multiple income levels, and even with many at higher incomes may not have enough employees who can afford to enroll their dependents and thus can't meet the participation requirements.

- FHIAP subsidy levels may not be enough to allow employees to buy into dependent coverage when it's offered. At the 70 and 50 percent subsidy levels, employees typically have to pay between $42 and $68 per person for coverage, which is likely unaffordable for a family of four with a gross income of less than $3,184.

Deficit Reduction Act (DRA) of 2005

- The Deficit Reduction Act requires that states verify the citizenship status and identity of all applicants in Medicaid programs, typically by providing an original birth certificate and driver license. FHIAP has worked closely with other state agencies to help streamline the verification process by using the state's Vital Records system to confirm Oregon-born residents and by checking to see if DHS has already verified citizenship and identity for our applicants at some point in the past.

- Because FHIAP uses a mail-in application process exclusively and doesn't have staff across the state who can verify the documents in person (unlike DHS), the verification process is time-consuming, adds significantly to the amount of documents that must be retained, and is expensive as documents must be returned to applicants as quickly as possible. It also increases the time it takes to get applicants enrolled in coverage as files are pended for those who don't have all the documentation at the time they apply.

- For clients not born in Oregon, it can be both an expensive and lengthy process to obtain birth certificates — in some states, the wait for a birth certificate can be four to six months. FHIAP has worked with both current members and those people on the reservation list to help them begin gathering the information they will need when they apply or reapply for subsidy.

The Governor's Healthy Kids Plan

- Many of the challenges of implementing the Governor's Healthy Kids Plan revolve around issues that are unresolved or undecided at this juncture, including the timing of federal waiver approval. If it is delayed significantly, many of the implementation timelines will need to be adjusted. Right now, the agency is working towards a January 1, 2008, implementation date.

- Additional work around benefits design and contracts with insurance carriers for the private insurance product is in a holding pattern until the legislative framework for the program is set and bill is passed.

- Preliminary planning for the outreach and education efforts is already underway, but is dependent on the timing of waiver approval.

Section 3 Appendices

Family Health Insurance Assistance Program (FHIAP) Secretary of State Audit 2005

Family Health Insurance Assistance Program (FHIAP) Secretary of State Audit 2007

2005-2007 Emergency Board Actions

Agency Performance Measures

The agency has worked with the Progress Board, the Legislative Fiscal Office and the Budget and Management section to hone in on its key performance measures for 2007-09 during the 2005-07 biennium. As a result, several prior performance measures have been proposed for deletion, leaving a core group of measures which reflect the agency's missions, goals and values.

2007-09 Proposed Key Performance Measures

- Those key performance measures that are retained show that the agency is either on target or above target including:
  - **Number of stakeholders trained** — 3,816 in CY 2005, above target of 1,000 people; 4,602 in CY 2006, above target of 1,500 people;
  - **Number of FHIAP enrollees** — 22,123 ever enrolled in FY 2006, above target of 15,800 people;
  - **Percent of customers rating their overall satisfaction with the agency above average or excellent in five areas** (overall, timeliness, accuracy, helpfulness, expertise, and availability of information) — ranged from 89.5 percent up to 97.1 percent in base year FY 2006. The target was 70 percent.
- One key performance measure was slightly off-target.
  - **FHIAP administration costs as a percentage of total FHIAP program costs** — 9.9 percent in FY 2006, while the target was 9.0 percent. This is the result of a decrease in subsidy expenditures and not an increase in the administrative budget.

2007-09 Proposed Deleted Performance Measures

Two of those being proposed for deletion essentially measure the same thing as other performance measures (ie, the number of training sessions held is similar to the number of stakeholders trained, which is being retained.) Two were outputs, rather than outcomes. Two reflect measures for the certified health benefit plans that are due to sunset in January 2008. Proposed deletions are as follows:

- **Number of agent referrals** — 4,606 in FY 2005, above target of 2,500 people;
- **Number of training sessions held** — 319 in FY 2005, above target of 25 sessions;
- **Percent of Oregonians determined eligible for FHIAP who enroll in health insurance** — 63 percent in FY 2006, above target of 60 percent;
- **Customer satisfaction** — replaced by more comprehensive performance measure;
- **Number of businesses that purchase a certified plan** — 13 in FY 2005, no target established;
- **Number of children enrolled in Children's Group plan** — 10 in FY 2005, no target established.

The agency uses the performance measures in the administration of its programs in several ways: The FHIAP Snapshot (which contains the FHIAP enrollment figures and well as other demographic and financial information) is posted on the agency's website each week and is distributed internally to staff. The internal staff receives a weekly "briefing" document which provides information on where the IEO staff is giving trainings and presentations, and also passes along comments received through the Customer Service Satisfaction Surveys. The agency is keenly aware of its administrative cost performance measure, and weighs its day-to-day budget choices against this standard.

Section 4 Appendices

Proposed Changes for Key Performance Measures 2007-2009

Office of Private Health Partnerships Performance Measures Annual Report 2006

Prioritized List of Programs & Services

Prioritized List

- FHIAP subsidy program
- Information, Education and Outreach program
- Certified Plans for Small Businesses *(This program is scheduled to sunset in January 2008.)*
- Healthy Kids Plan *(This program is not currently a part of the agency, though it is included in Governor's Recommended Budget. The legislation that would enact the plan — HB 2201 — has not yet passed.)*

Reduction Options:

- Reduction options required by HB 3182 each budget cycle were identified in the Governor's Recommended Budget. A 10% reduction results in 3,057 fewer Oregonians being served each month in the FHIAP program. This results in a reduction of $2,651,303 General Fund, $5,852,200 Other Funds, $8,503,503 Total Funds in the 2007-09 biennium. The Governor's Recommended Budget includes this proposed reduction.
- An additional 2% reduction as requested by the LFO would result in a further decrease of $477,251 General Fund, $1,170,141 Other Funds, and $1,647,392 Total Funds and would mean an additional reduction of 246 fewer people served each month.

Section 5 Appendices

Prioritized List of Services Forms

Policy Option Packages

POP 101 — Healthy Kids Plan

Governor Kulongoski's Healthy Kids Plan will provide every child in Oregon the access to the health care coverage he or she needs to grow into a happy, productive adult. The Governor's goal is that 95 percent of the state's uninsured children, regardless of income level, will have health insurance coverage within the next three years. This package will have a direct impact on Oregon Benchmark #54, Percentage of Uninsured.

The Healthy Kids Plan will be a collaborative administration between the Department of Human Services (DHS) and the Office of Private Health Partnerships (OPHP). DHS will administer a centralized eligibility unit for all Healthy Kids Plan applicants and coordinate enrollment with the appropriate enrolling agency. Healthy Kids Plan enrollment forecasts have been provided by the DHS Forecast Unit, in collaboration with the Office of Health Policy and Research, OPHP, and other DHS program and administrative units.

OPHP will provide subsidies for and enrollment in a private health insurance product that offers the same comprehensive benefits as the OHP Plus benefit plan, with some increased cost sharing for those at higher income levels. The product will be available to those between 200 and 300 percent FPL with OPHP subsidies to offset the cost of the premiums. For those over 300 percent FPL, the product will be available, but with higher cost-sharing and no subsidies from the state. In addition, for those families who have access to employer-sponsored insurance (ESI/group), OPHP will provide subsidies to reimburse families for the cost of the children's share of premiums.

OPHP's responsibilities in the Healthy Kids Plan is two-fold. First, the agency will be the lead on outreach and marketing efforts for the statewide program. Second, the agency will be responsible for administering the subsidy program for ESI/Group and the private health insurance product.

Healthy Kids Plan (HKP) Marketing and Outreach Efforts

The Office of Private Health Partnerships will develop and coordinate all of the outreach and marketing efforts for the entire Healthy Kids Plan, in collaboration with state, local and regional stakeholders. The agency will target disadvantaged populations and rural areas of the state with its marketing campaigns.

A key component of this collaborative effort is the Application Assistance Grant program that will be administered by OPHP. OPHP will provide infrastructure funding, technical and training assistance, as well as publications and other promotional materials, while the organizations will provide staff who are experienced in the needs of their local community. Another element of the grant program will be a "bonus" or "challenge" grant that grantees may apply for to help defray additional expenses due to the challenges faced by their target population.

The budget includes a $25 finders' fee for certified organizations or individuals who help clients successfully complete the application process. Pricing assumes approximately half of those targeted children under 300 percent of the federal poverty level (FPL) will need this type of assistance, though the finders fee will not be limited to those children only. This budget request assumes that individuals

or organizations will receive a finders' fee each time they assist a family with the Healthy Kids Plan application. Those organizations receiving Application Assistance Grant money will not qualify for the finders' fee.

The Healthy Kids Plan needs to be "branded" as a separate and distinct program from other state assistance programs. The best way to develop a brand identity is to use a mass media approach. The Non-Commercial Sustaining Announcement (or NCSA) program of the Oregon Association of Broadcasters guarantees at least twice as much radio and T.V. airtime as would be purchased on a commercial basis. (In the past, FHIAP has found that it has received four to five times the airplay that was actually purchased through NCSAs.) The OPHP budget assumes running an NCSA campaign, with advertising spots every week for a year during the initial roll-out of the program.

The budget request includes funding for efforts to partner with a variety of large organizations (like schools, utility companies, large grocery chains, other government agencies, etc.) to distribute materials or display ads to help build and reinforce our Healthy Kids brand identity.

The agency will conduct at least 60 training sessions all across the state during the initial year of the roll-out, with an emphasis on underserved communities (minority communities, or those who have higher than average uninsured rates), with 30 sessions the following year (and each successive year). In addition, staff will conduct other training sessions for trade associations and chambers of commerce. Transportation costs, event costs, and training equipment and materials are factored into the agency's budget request.

This budget assumes some of the outreach and marketing efforts needed to launch the Healthy Kids Plan will be absorbed by existing OPHP resources. For example, existing IEO staff will also help market and provide training for the Healthy Kids Pan. The additional staffing requests included in the budget are required to accommodate the anticipated workload increases.

Healthy Kids Plan — Benefit Plan Options

The Healthy Kids Plan will consist of three general benefit options: OHP Plus benefit plan, a private insurance product, and employer sponsored insurance (ESI). Each child enrolled in a state benefit plan, regardless of whether enrolled in OHP Plus or the private insurance product, will receive a Healthy Kids Plan benefit card. Those children under 200 percent of the federal poverty level (FPL) who apply for Healthy Kids will be enrolled in the OHP Plus benefit through the Department of Human Services.

OPHP will administer the Healthy Kids Plan for those over 200 percent FPL through the private insurance product or ESI, if available to them.

The private insurance product will be commercially based insurance through the private insurance market that will be established for uninsured children up to age 19 whose families are over 200 percent of the FPL. The benefit plans will provide comprehensive benefits and services, similar to the current OHP Plus benefit plan, which includes medical, dental, mental health, and vision benefits. The plans will be guaranteed issue, meaning that no one who applies for the plan will be turned down for medical reasons. The objective of the private insurance product is to provide at least two options in every region of the state, which may include one statewide carrier plan option and one or more local or regional carrier plan options.

The Healthy Kids Plan will also offer subsidy payments to parents who choose to enroll their children in employer sponsored insurance (ESI). Some parents have ESI available to them through their employer and may be able to add dependent coverage, usually at a cost to the employee. OPHP will offer subsidies to those who choose to enroll their dependent children in available ESI coverage, making it affordable and convenient to the family. Those who enroll in ESI will receive a subsidy payment to assist in the cost of their premiums, but insurance cards will be issued in accordance with the employer's insurance carrier contract. ESI coverage is a choice; a child's parents may choose to enroll the child in either ESI or the private insurance product for those over 200 percent of the FPL.

POP 101 — Healthy Kids Plan (FHIAP impact)

The impact to the FHIAP program is minimal. However, as the Healthy Kids Plan allows children under 200 percent FPL to come into the program with no premium payments, it makes sense to change the FHIAP policy to correspond for those children currently enrolled in FHIAP.

There will not be a workload impact on this change, but it would increase slightly the amount of subsidy payments that FHIAP pays on its current child population.

POP 104 — FHIAP Staffing Adjustments

The OPHP information technology need is significant. Currently, one IT position supports the hardware equipment for 79 desktops with mixed platforms (MAC and Windows), 7 file servers, 2 data backup systems, and the network connectivity with DAS and other state agencies. OPHP is relying on contractors for support on FilemakerPro databases, which store all of the FHIAP client information, as well as information on agent referrals and some performance measure surveys. Relying on contractors is an expensive and risky operating practice. FHIAP databases and web-site are required by the agency to administer the program, and it is in the Agency's interest to rely less on contract support for these vital systems. Savings from decreased use of contracted services will pay for the additional information technology position (ISS 4).

Section 6 Appendices

2007-2009 Governor's Recommended Budget Organizational Chart

POP 101 Healthy Kids Plan Organizational Chart

POP 101 Healthy Kids Plan Proposed Key Performance Measures

POP 104 Proposed Key Performance Measures

Agency Continuous Improvement Initiatives

In the spring of 2005, the agency launched a business process improvement (or BPI) project to explore ways to operate the agency's programs (in particular, the Family Health Insurance Assistance Program or FHIAP) more effectively and efficiently, while maintaining or improving customer service. A major component of the project was an in-depth interview with each employee of the agency, as well as interviews with key vendors, stakeholders, and partners.

Many of the challenges the agency faced in 2005 began in the early years of the Family Health Insurance Assistance Program. The program was, and in many respects still is, unique in the country, so there were no other programs to pattern it after. Every policy, process and procedure had to be developed from scratch, often to address an emerging and urgent issue. In the early days, the entire staff could be gathered in an office (and often was) to problem-solve issues or to develop the program's policies and procedures.

With the approval of the OHP2 waivers in late 2002, the need to rapidly expand the program's enrollment led to dramatic increases in staffing, increasing specialization amongst the staff, and more pressure to solve both policy and operational issues quickly so that the next issue could be dealt with or averted. A "business as usual" approach to this growth would not (and could not) be sustained without severely compromising the agency's commitment to customer service and its own employees. Something had to change.

All facets of the organization were examined, and potential solutions were proposed to address the challenges or obstacles discovered during the BPI project. Some of the solutions proposed by staff were simple and easy to implement — for example, setting up all computers to print on both sides automatically as the default setting or getting another copier to eliminate staff having to wait long periods of time to make copies of correspondence prior to the daily mail deadline.

Others solutions required more time, thought and effort to implement. Some of those will be discussed below. It is important to know that the agency continues to look for ways to improve its services while finding efficiencies in both time and other resources.

Database Improvements

- When FHIAP took over daily operations of the program from a third party administrator in 2000, the agency created a series of interrelated databases to run the program. With the implementation of the waiver in 2002 and the resulting program complexity and enrollment growth, the database needed to be redesigned. The agency completed that project in November 2005 after months of work with staff to create the most useful and efficient system possible. The new database is more intuitive to use, has information grouped in logical formats, and has some built-in safeguards which prevent inadvertent data entry errors.

Workflow Enhancements

- Just prior to the start of the BPI project, FHIAP management staff quantitatively measured individual employee productivity for establishing standards (note: overall productivity had always been measured). Daily production goals and expectations were established and tracked.

Establishing this baseline allowed management to conduct a variety of pilot projects to see if productivity could be substantially increased.

- One of those pilots entailed having one person determine eligibility for all self-employed applicants. Prior to that, every employee worked all types of applications in the order they were received. This pilot showed that overall productivity for all employees improved 10 percent. This experience led the agency to create a series of specialized work group or teams to work on specific types of applications, including the following.
  - Group applications
  - Self-employed applications
  - Initial applications
  - Redetermination applications
- By early 2006, the daily productivity expectation was increased by one-third for FHIAP operations staff, and continues to be met or exceeded by all those employees.

Application Revisions

- In early 2006, the FHIAP application was revised based on extensive input from staff and stakeholders. Many of the suggestions made during the BPI were incorporated in the final version of the application, including a detailed instruction sheet of how to fill out their application, a check list of items to include with the application, and an "other forms" packet (which also includes information that had been in the main application). In addition, the application was formatted to match the flow of the data entry screens that staff use to input information, thus increasing staff productivity.
- The program dropped the requirement to send copies of the most recent federal tax return (except for self-employed applicants or when requested during an audit). The agency found the information on the tax return good for confirming information given in the application, but it didn't replace the need for other proof of income, for example. This action helped reduce the number of applications that were pended for more information as tax returns were one of the top things people forgot to include. Pending an application can delay people being approved for the program by a month or more.

Administrative Rules Simplification

- One suggestion from the BPI project was to revise the agency's administrative rules to make them more straightforward and easier to understand, both for the public and the staff. In the spring of 2006, the agency completely revised its rules. In addition, the agency combined different program rule coordination functions into a single staff position (specifically had OPHP staff coordinate rules for the Oregon Medical Insurance Pool).

Staff Training Improvements

- One of the biggest challenges the agency tackled from the project was developing a comprehensive policy and procedures manual for the staff, primarily the eligibility and member account services units. The existing manual was out-dated after the new database was installed. The new manual is designed with screen prints so that anyone (even someone brand new) can follow it and successfully use the database right away.
- Concurrently, the agency developed a standardized training program for all new hires. This intensive program not only provides indepth job-specific training, but exposes new employees to all aspects of the agency, from customer service to fiscal services to marketing and outreach.
- Since the implementation of both the new procedures manual and training program, new hires at the agency have become some of the top performers in terms of daily production.

2007-2009 Governor's Recommended Budget — Agency Summary

	Pos	FTE	Total Funds	General Funds	Other Funds
2005-2007 Legislatively Adopted Budget	52	51.50	$79,480,923	$22,061,644	$57,419,279
E-Board Actions, incl. Spec. Ses. (through 4/06)	--	--	$8,167,067	$2,910,293	$5,256,774
2005-2007 Legislatively Approved Budget	**52**	**51.50**	**$87,647,990**	**$24,971,937**	**$62,676,053**
2007-2009 Base Budget					
Base Budget Adjustments:					
Net Cost of 2005-2007 Position Actions — Admin., Biennialized E-Board, Phaseouts	--	--	$453,576	$232,229	$221,347
Estimated Cost of 2007-2009 Merit Increase	--	--	$225,483	$118,017	$107,466
2007-2009 Base Budget	**52**	**51.50**	**$88,327,049**	**$25,322,183**	**$63,004,866**
2007-2009 Essential Budget					
Essential Packages					
Package No. 010:					
Vacancy Factor (Increase)/Decrease	--	--	$8,536	$4,268	$4,268
Non-PICS Personal Service Increase/(Decrease)	--	--	$30,633	$21,520	$9,113
Subtotal	--	--	$39,169	$25,788	$13,381
Package No. 021/022:					
021—Phase-in Programs Excl. One-time Costs	--	--	--	--	--
022—Phase-out Programs and One-time Costs	--	--	--	--	--
Subtotal	--	--	--	--	--
Package No. 030:					
Cost of Goods & Services Increase/(Decrease)	--	--	$4,352,852	$1,158,950	$3,193,902
State Govt. Service Charges Increase/(Decrease)	--	--	$31,302	$17,950	$13,392
Subtotal	--	--	$4,384,154	$1,176,860	$3,207,294
Package No. 040: Mandated Caseload	--	--	--	--	--
Package No. 050: Fund Shifts	--	--	--	--	--
Package No. 060: Technical Adjustments	--	--	--	--	--
2007-2009 Essential Budget Level	**52**	**51.50**	**$92,750,372**	**$26,524,831**	**$66,225,541**
Package No. 070: Revenue Reductions	--	--	($10,489,290)	--	($10,489,290)
2007-2009 Modified Essential Budget Level	**52**	**51.50**	**$82,261,082**	**$26,524,831**	**$55,736,251**
Policy Packages					
Package No. 090: Analyst Recommended Adj.	--	--	($8,503,503)	($2,651,303)	($5,852,200)
Package No. 101: Healthy Kids Plan	47	39.70	$45,971,767	--	$45,971,767
Package No. 104: FHIAP Staffing Adjustments	1	0.92	--	--	--
Package No. 105: FHIAP Adult Expansion	--	--	--	--	--
Subtotal Policy Packages	**48**	**40.62**	**$37,468,264**	**($2,651,303)**	**$40,119,567**
2007-2009 Gov. Recommended Budget	**100**	**92.12**	**$119,729,346**	**$23,873,528**	**$95,855,818**

2007-2009 Governor's Recommended Budget — IEO (Program 001)

	Pos	FTE	Total Funds	General Funds	Other Funds
2005-2007 Legislatively Adopted Budget	2	2.00	$560,425	$435,425	$125,000
E-Board Actions, incl. Spec. Ses. (through 4/06)	--	--	--	--	--
2005-2007 Legislatively Approved Budget	**2**	**2.00**	**$560,425**	**$435,425**	**$125,000**
2007-2009 Base Budget					
Base Budget Adjustments:					
Net Cost of 2005-2007 Position Actions — Admin., Biennialized E-Board, Phaseouts	--	--	$10,802	$10,802	--
Estimated Cost of 2007-2009 Merit Increase	--	--	$10,551	$10,551	--
2007-2009 Base Budget	**2**	**2.00**	**$581,778**	**$456,778**	**$125,000**
2007-2009 Essential Budget					
Essential Packages					
Package No. 010:					
Vacancy Factor (Increase)/Decrease	--	--	--	--	--
Non-PICS Personal Service Increase/(Decrease)	--	--	$207	$207	--
Subtotal	--	--	$207	$207	--
Package No. 021/022:					
021—Phase-in Programs Excl. One-time Costs	--	--	--	--	--
022—Phase-out Programs and One-time Costs	--	--	--	--	--
Subtotal	--	--	--	--	--
Package No. 030:					
Cost of Goods & Services Increase/(Decrease)	--	--	$9,235	$5,360	$3,875
State Govt. Service Charges Increase/(Decrease)	--	--	--	--	--
Subtotal	--	--	$9,235	$5,360	$3,875
Package No. 040: Mandated Caseload	--	--	--	--	--
Package No. 050: Fund Shifts	--	--	--	--	--
Package No. 060: Technical Adjustments	--	--	--	--	--
2007-2009 Essential Budget Level	**2**	**2.00**	**$591,220**	**$462,345**	**$128,875**
Package No. 070: Revenue Reductions	--	--	--	--	--
2007-2009 Modified Essential Budget Level	**2**	**2.00**	**$591,220**	**$462,345**	**$128,875**
Policy Packages					
Package No. 090: Analyst Recommended Adj.	--	--	--	--	--
Package No. 101: Healthy Kids Plan	--	--	--	--	--
Package No. 104: FHIAP Staffing Adjustments	--	--	--	--	--
Package No. 105: FHIAP Adult Expansion	--	--	--	--	--
Subtotal Policy Packages	--	--	--	--	--
2007-2009 Gov. Recommended Budget	**2**	**2.00**	**$591,220**	**$462,345**	**$128,875**

2007-2009 Governor's Recommended Budget — FHIAP (Program 002)

	Pos	FTE	Total Funds	General Funds	Other Funds
2005-2007 Legislatively Adopted Budget	50	49.50	$78,920,498	$21,626,219	$57,294,279
E-Board Actions, incl. Spec. Ses. (through 4/06)	--	--	$8,167,067	$2,910,293	$5,256,774
2005-2007 Legislatively Approved Budget	**50**	**49.50**	**$87,087,565**	**$24,536,512**	**$62,551,053**
2007-2009 Base Budget					
Base Budget Adjustments:					
Net Cost of 2005-2007 Position Actions — Admin., Biennialized E-Board, Phaseouts	--	--	$442,774	$221,427	$221,347
Estimated Cost of 2007-2009 Merit Increase	--	--	$214,932	$107,466	$107,466
2007-2009 Base Budget	**50**	**49.50**	**$87,745,271**	**$24,865,405**	**$62,879,866**
2007-2009 Essential Budget					
Essential Packages					
Package No. 010:					
Vacancy Factor (Increase)/Decrease	--	--	$8,536	$4,268	$4,268
Non-PICS Personal Service Increase/(Decrease)	--	--	$30,426	$21,313	$9,113
Subtotal	--	--	$38,962	$25,581	$13,381
Package No. 021/022:					
021—Phase-in Programs Excl. One-time Costs	--	--	--	--	--
022—Phase-out Programs and One-time Costs	--	--	--	--	--
Subtotal	--	--	--	--	--
Package No. 030:					
Cost of Goods & Services Increase/(Decrease)	--	--	$4,343,617	$1,153,590	$3,190,027
State Govt. Service Charges Increase/(Decrease)	--	--	$31,302	$17,910	$13,392
Subtotal	--	--	$4,374,919	$1,171,500	$3,203,419
Package No. 040: Mandated Caseload	--	--	--	--	--
Package No. 050: Fund Shifts	--	--	--	--	--
Package No. 060: Technical Adjustments	--	--	--	--	--
2007-2009 Essential Budget Level	**50**	**49.50**	**$92,159,152**	**$26,062,486**	**$66,096,666**
Package No. 070: Revenue Reductions	--	--	($10,489,290)	--	($10,489,290)
2007-2009 Modified Essential Budget Level	**50**	**49.50**	**$81,669,862**	**$26,062,486**	**$55,607,376**
Policy Packages					
Package No. 090: Analyst Recommended Adj.	--	--	($8,503,503)	($2,651,303)	($5,852,200)
Package No. 101: Healthy Kids Plan	--	--	$1,157,962	--	$1,157,962
Package No. 104: FHIAP Staffing Adjustments	1	0.92	--	--	--
Package No. 105: FHIAP Adult Expansion	--	--	--	--	--
Subtotal Policy Packages	**1**	**0.92**	**($7,345,541)**	**($2,651,303)**	**($4,694,238)**
2007-2009 Gov. Recommended Budget	**51**	**50.42**	**$74,324,321**	**$23,411,183**	**$50,913,138**

2007-2009 Governor's Recommended Budget — HKP (Program 004)

	Pos	FTE	Total Funds	General Funds	Other Funds
2005-2007 Legislatively Adopted Budget	--	--	--	--	--
E-Board Actions, incl. Spec. Ses. (through 4/06)	--	--	--	--	--
2005-2007 Legislatively Approved Budget	--	--	--	--	--
2007-2009 Base Budget					
Base Budget Adjustments:					
Net Cost of 2005-2007 Position Actions — Admin., Biennialized E-Board, Phaseouts	--	--	--	--	--
Estimated Cost of 2007-2009 Merit Increase	--	--	--	--	--
2007-2009 Base Budget	--	--	--	--	--
2007-2009 Essential Budget					
Essential Packages					
Package No. 010:					
Vacancy Factor (Increase)/Decrease	--	--	--	--	--
Non-PICS Personal Service Increase/(Decrease)	--	--	--	--	--
Subtotal	--	--	--	--	--
Package No. 021/022:					
021—Phase-in Programs Excl. One-time Costs	--	--	--	--	--
022—Phase-out Programs and One-time Costs	--	--	--	--	--
Subtotal	--	--	--	--	--
Package No. 030:					
Cost of Goods & Services Increase/(Decrease)	--	--	--	--	--
State Govt. Service Charges Increase/(Decrease)	--	--	--	--	--
Subtotal	--	--	--	--	--
Package No. 040: Mandated Caseload	--	--	--	--	--
Package No. 050: Fund Shifts	--	--	--	--	--
Package No. 060: Technical Adjustments	--	--	--	--	--
2007-2009 Essential Budget Level	--	--	--	--	--
Package No. 070: Revenue Reductions	--	--	--	--	--
2007-2009 Modified Essential Budget Level	--	--	--	--	--
Policy Packages					
Package No. 090: Analyst Recommended Adj.	--	--	--	--	--
Package No. 101: Healthy Kids Plan	47	39.70	$44,813,805	--	$44,813,805
Package No. 104: FHIAP Staffing Adjustments	--	--	--	--	--
Package No. 105: FHIAP Adult Expansion	--	--	--	--	--
Subtotal Policy Packages	**47**	**39.70**	**$44,813,805**	**--**	**$44,813,805**
2007-2009 Gov. Recommended Budget	**47**	**39.70**	**$44,813,805**	**--**	**$44,813,805**

Proposed Legislation

- **House Bill 2252** — Authorizes the Office of Private Health Partnerships (and other agencies, including the Department of Consumer and Business Services) to require fingerprinting for the purposes of national criminal background checks of employees or potential employees of the office, or people who provide or seek to provide services to the office as a contractor, vendor or volunteer.
  - *Status* — Passed the House 58 ayes, 2 excused. Currently in the Senate Judiciary Committee.
  - *Effects on budget* — This bill has minimal impact on the budget and will be absorbed within existing administrative resources.
- **House Bill 2201** — Creates the Healthy Kids Plan, providing coverage to all uninsured children in Oregon. For children above 200 percent FPL, OPHP will provide subsidies for the private insurance product option and employer-sponsored coverage. OPHP will also be the lead agency, in coordination with the Department of Human Services, in developing marketing, education and outreach strategies and materials. Community outreach grants will be administered through OPHP as well. (For more detailed information, please see Section 2, Page 2; Section 3, Page 5; and Section 6, Page 1.)
  - *Status* — Passed the House Health Care with amendments; the A-Engrossed version is in the Human Services Subcommittee of the Joint Ways and Means Committee.
  - *Effects on budget* — This bill is a part of the Governor's Recommended Budget, and is included in the OPHP budget as Policy Option Package 101. (For more information, please see Section 6, Page 1 and Section 8, Page 4.)

There are several health care reform bills that could have varying impacts on the Office of Private Health Partnerships and its different programs. It is our understanding the efforts are underway to combine some or all of these bills (or elements of them). Here are the major bills, so far.

- Senate Bill 27 (sponsored by Governor John Kitzhaber, MD)
- Senate Bill 329 (sponsored by Senators Alan Bates, MD and Ben Westlund)
- House Bill 3341 (sponsored by Representative Dennis Richardson)
- House Bill 3368 (sponsored by Representative Mitch Greenlick)
- Senate Bill 821 (sponsored by Senator Kurt Schrader)