OREGON HEALTH FUND BOARD – Finance Committee

April 16, 2008
1:00 am to 5::00 pm
(Digitally Recorded)

CCC- Wilsonville Training Center Room 111-112
29353 Town Center Loop E
Portland, OR

MEMBERS PRESENT:
Kerry Barnett, Chair
John Wocester, Vice Chair
Andy Anderson
Peter Bernardo, MD
Fred Bremner, DMD
Aelea Christofferson
Terry Coplin
Jim Diegel (by phone)
Steve Doty (by phone)
Cherry Harris
Denise Honzel
John Lee
Scott Sadler
Steve Sharp
David Hooff
Lynn-Marie Crider

MEMBERS EXCUSED:
Judy Muschamp
Laura Etherton

OTHERS ATTENDING:
Jonathan Ater, OHFB Member
Marcus Mundy, OHFB Member
Rick Curtis, Consultant, Institute for Health Policy Solution (IHPS)
Bill Kramer, Consultant
Ed Neuschler, Consultant, IHPS (by phone)

STAFF PRESENT:
Gretchen Morley, Director, Oregon Health Policy Commission
Nora Leibowitz, Senior Policy Analyst
Alyssa Holmgren, Policy Analyst
Barney Speight, OHFB Director
Zarie Haverkate, Communications Specialist

ISSUES HEARD:

- **Call to Order**
- **Approval of Agenda and April 3 minutes**
- **Finance Committee Work Plan Update**
- **Initial Reform Modeling Results**
- **Draft Finance Recommendation Outline v.2**
- **Public Testimony**

(Digitally Recorded)

Chair Barnett **I. Call to Order**

Chair Barnett called the meeting to order at 1:12 p.m. There is quorum. Oregon Health Fund Board were invited to today's meeting. Jonathan Ater and Marcus Mundy were able to attend.

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Chair Barnett **II. Approval of Agenda and 4/3/08 Minutes (See Exhibit Materials 1 and 2)**

- Reviewed meeting agenda. Change in 4/3/08 Minutes on page 3, to insert "Preliminary" in third to last sentence to read, "Preliminary committee consensus for no threshold."

Motion to approve minutes as amended above of 4/3/08 is seconded. **Motion passed unanimously.**

Gretchen Morley **III. Finance Committee Work Plan Update (See Exhibit Material 3)**

- Work plan overview presented by staff.
- Conference call has been scheduled April 17, 3-5 pm to continue modeling discussions with consultant Rick Curtis.
- Two additional Finance Committee meetings will be scheduled in May to complete the work of the Committee.
  - Discuss technical details of model
  - Hear recommendations from Exchange Work Group

Rick Curtis / Ed Neuschler **IV. Initial Reform Modeling Results (See PowerPoint presentation/Exhibit Material 4)**

- Rick Curtis, Ed Neuschler (by phone), Nora and Alyssa gave a slide presentation of the initial modeling results.
- Slide 1: Decided to use Oregon data from the national Current Population Survey (CPS) for modeling. May not reflect enrollment in public and private insurance and people not accurate sometimes in identifying this.
- Slide 3: last bullet discussion: Problem is not tax credit the problem is what you can get credit for. Need to be defined broadly for ERISA.
- Slide 4: Unknown what federal match will be approved. We used scale of 150 adults FPL and 200 families FPL (moderate assumption). No way to know what 2009 federal administration in 2009 will allow.
- Slide 5: Individual mandate effectiveness - 85% for employees and dependents; 70% for all other
- Slide 6: Affordability tax credit – assumes people able to access 125 Plan. Health plan used assumed a $2,500 deductible. Cost of policy 40-44 year olds for policy at $261 estimate per month per member (PMPM).
- Used 2010 for modeling implementation date.
- Slide 11: Anyone over 65 not included in chart or undocumented people.
- Slide 12: 64,000 have coverage now, 70,000 newly take up coverage.
- Steve Sharp proposed that if you raise the tax, it would lessen the chance for crowd out. Rick Curtis stated it would mean the tax would be very high, which might pose an ERISA issue.
- The payroll tax proposed so far would only pay for 50% of the modeled amount needed. Need to look at capacity to raise rest needed.
- Lynn-Marie may have information on the undocumented population that she would share with Rick.
- John Lee stated that the OHP provider tax will soon be unfunded and it isn't included in the modeling. Needs to be addressed.

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- The Committee would like Rick to model Payroll Tax and what would happen with a change in rates if it were 6, 7, and 8%.

Chair Barnett / Gretchen Morley **V. Draft Committee Recommendation v.2 (See Exhibit Material 5 - 8)**

Gretchen Morley presented proposed recommendations from the Finance Committee to the Oregon Health Fund Board based on work of the Staff Review Panel on a health services transaction tax (HSTT).

DISCUSSION

- Possible option for HSTT would be to tax profits vs. gross receipts so that the tax would be based on ability to pay.
- Possible con to this approach is that it would be very expensive to private practitioners who don't have negotiating power of larger organizations. May be a disincentive if tax income (profits) for practicing in Oregon.
- Con - HSTT is another hidden cost if not explicitly on bill.
- Need to get Federal match. HSTT is awkward. May want to have 100% payroll tax. Need to look at how to implement in steps.
- Concern that 100% payroll tax will hurt small employers.
- Chair polled members for preference for development of draft recommendations.

Chair will work with Gretchen to capture language that reflects input from members. After funding piece determined, greatest challenge will be to rearrange delivery system to contain costs with the goal to have a world class health care system. "Frontline" TV special tonight that will discuss health care reform in other countries.

- Further Payroll Tax development pending modeling results.
- Staff will work on how to stage.
- Health services transaction tax
- Exchange and market reforms

Chair Barnett **IX. Public Testimony**

No public testimony was requested.

Chair **X. Adjournment**

The chair adjourned the meeting at 5:15 p.m.

Upcoming meetings: Conference call from 3-5 pm on April 17, 2008, and May 1, 2008 meeting from 11 am – 5 pm.

Submitted By:
Zarie Haverkate

Reviewed By:
Gretchen Morley, OHPC Director

EXHIBIT MATERIALS

1. Draft Agenda
2. April 3 Meeting Minutes
3. Updated Committee Work Plan
4. Preliminary modeling results for "Straw Plan A"
5. Finance Committee Recommendations v. 2
6. Design Considerations – Health Services Transaction Tax
7. Design Considerations – Payroll Tax
8. ERISA Primer Slides

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