

## 2007 Innovations Awards Program APPLICATION

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ID # (assigned by CSG): 07- S-53OKOEPIC

**Please provide the following information, adding space as necessary:**

State: \_\_\_\_\_Oklahoma\_\_\_\_\_

Assign Program Category (applicant): \_\_\_Health and Human Services\_\_\_ (Use list at end of application)

1. Program Name

Oklahoma Employer/employee Partnership for Insurance Coverage, O-EPIC

2. Administering Agency

Oklahoma Health Care Authority

3. Contact Person (Name and Title)

Melissa Pratt, Research Analyst

4. Address

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8. Web site Address

[www.insureoklahoma.org](http://www.insureoklahoma.org)

9. Please provide a two-sentence description of the program.

The O-EPIC Employer Sponsored Insurance (ESI) program is a premium assistance program for small businesses. O-EPIC will pay part of the health plan premiums for qualified employees working for a qualified Oklahoma small business.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on April 2, 2007, to be considered.

The O-EPIC program has been operational since November 2005.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

This program was created and designed to address the issue of uninsured working Oklahomans. The Oklahoma Legislature recognized that many Oklahomans did not have health care coverage and that many small businesses could not afford to provide health care benefits to their employees. At the same time, through a series of Health Resources and Services Administration (HRSA) State Planning Grants, Oklahoma was able to study the uninsured in depth and work with a diverse planning group to develop coverage options. Throughout the planning process, emphasis was placed on promoting personal responsibility for health care and appropriate utilization of health benefits through the use of public-private cost sharing. Moving individuals into commercially available health plans would both educate previously uninsured individuals about the benefits of health coverage and illustrate to business owners the importance of providing health benefits.

12. Describe the specific activities and operations of the program in chronological order.

September, 2003: State Planning Grant awarded

September, 2004: Pilot Planning Grant awarded

November, 2004: Tobacco tax enacted to fund an Oklahoma premium assistance program

November, 2005: O-EPIC program for small businesses (25 employees) begins

October, 2006: O-EPIC expanded to businesses with 50 or fewer employees

January, 2007: Individual plan offered

13. Why is the program a new and creative approach or method?

O-EPIC policy strategies include the use of public funds to subsidize private health insurance coverage. One of the main strategies is premium assistance—wherein private insurance is subsidized for eligible people. O-EPIC has several new and creative approaches. First, a substantial share of low-income families may have access to employer-sponsored insurance (ESI) but are unable to afford that coverage. Buy-in programs are a way to help these workers purchase private coverage. Second, the O-EPIC premium assistance program believes—by leveraging public resources with private health coverage dollars—it can produce significant budget savings. Third, O-EPIC sees its premium assistance program as a way to help stabilize private markets and prevent substitution. Finally, the program is attractive because it relies on private markets and is consistent with the goals of individual responsibility and self-reliance.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

Varies

15. What are the program's annual operational costs?

Varies

16. How is the program funded?

The Legislature directed the Medicaid agency to apply for federal waiver authority to extend coverage to working adults at small businesses in order to purchase either private health coverage or state sponsored health coverage through a premium assistance plan. Waiver authority was approved in September 2005. Oklahoma's Governor Henry spearheaded an initiative to generate the state matching funds for the program through an increase in the tax on tobacco products sold in the state. This referendum was passed by Oklahoma voters in November of 2004. The Office of State Finance estimated \$50,000,000 would be available to fund the state share of the program. Oklahoma receives

approximately \$2 in federal matching funds for each \$1 in state funds. Annual funding for the program was estimated at \$150,000,000.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

Governor Brad Henry and the state legislature worked together during the 2004 legislative session to pass two measures to increase access to affordable health coverage. One outlined program goals while the second addressed program financing.

The first – Senate Bill 1546 – described the state’s objectives for the O-EPIC Premium Assistance program and provides the necessary statutory authorization for the initiative:

“Recognizing that many Oklahomans do not have health care benefits or health care coverage, that many small businesses cannot afford to provide health care benefits to their employees...the Oklahoma Legislature hereby establishes provisions to lower the number of uninsured, assist businesses in their ability to afford health care benefits and coverage for their employees, and eliminate barriers to providing health coverage to eligible enrollees under federal law.

“The (Oklahoma Health Care) Authority is hereby directed to apply for a waiver or waivers to the Centers for Medicare and Medicaid Services that will accomplish the...following goals:

- a. increase access to health care for Oklahomans,
- b. reform the Oklahoma Medicaid Program to promote personal responsibility for health care services and appropriate utilization of health care benefits through the use of public-private cost sharing, (and)
- c. enable small employers, and/or employed, uninsured adults with or without children to purchase employer-sponsored, state-approved private, or state sponsored health care coverage through a state premium assistance program, and
- d. develop flexible health care benefit packages based upon patient need and cost.”

The second measure – House Bill 2660 – identified the intended revenue source for the state portion of the premium assistance program. The bill authorized placement of a ballot initiative to raise tobacco taxes by 55 cents per pack, with the new revenues to be funneled to a variety of health related initiatives. The initiative was passed by the voters on November 2<sup>nd</sup> and took effect on January 1, 2005. It is expected to yield \$50 million per year to fund the health coverage initiative.

18. What equipment, technology and software are used to operate and administer this program?

To operate and administer this program there are many programs involved. Electronic Data Systems (EDS) is our third party agent and they have developed different programs for us to use. MMIS is one main source of use. O-EPIC also uses our website, the Oklahoma Department of Human Services website, the Oklahoma Employment Securities Commission information. The technology used is again, multiple computer resources and a telephone helpline.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator’s name, present address, telephone number and e-mail address.

Oklahoma Health Care Authority  
4545 N. Lincoln Avenue, Suite 124  
Oklahoma City, OK 73105  
(405) 522 – 7300

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Yes

***Oklahoma O-EPIC Premium Assistance Program***

In September 2005, the Centers for Medicare and Medicaid Services (CMS) approved a Health Insurance Flexibility Act (HIFA) waiver under 1115 authority for the state of Oklahoma.

The O-EPIC Premium Assistance Program will pay part of the health plan premiums for eligible employees working for qualified Oklahoma small businesses. Participation in this program is voluntary.

In order to participate in the O-EPIC program for small employers, the business must meet the following eligibility criteria:

- The business must be located within Oklahoma.
- The business must have 25 or fewer full-time and part-time employees.
- The employer must contribute at minimum 25 percent of eligible employees' premium costs.
- The insurance plan must be qualified by the Oklahoma Health Care Authority and must cover a minimum of hospital, physician, and pharmacy services. In addition, the out-of-pocket costs cannot exceed \$3000, the office visit co-pay cannot exceed \$50, and the pharmacy annual deductible cannot exceed \$500.

The employer sponsored insurance is available for employees and their spouses, up to 185 percent of the federal poverty level. The employee is responsible for a 15 percent contribution of the monthly premium. Employees may be eligible for reimbursement of some out-of-pocket expenses, up to a certain amount, and will receive checks for those expenses. Employers must renew their eligibility at the end of each twelve month period, as well as when their health plan contract ends or when they choose to change health plans. O-EPIC is voluntary and employers, employees, or spouses who no longer want to participate may end their enrollment at any time. In October 2005 O-EPIC increased to 50 or fewer full-time employees.

***Arkansas Safety Net Benefit Program***

Authorized through an 1115 HIFA waiver in March 2006, the program is targeted at businesses with between two and 500 full time employees. For the purpose of this program, employers are defined as a business entity if they have employees and a unique Arkansas and/or federal tax identification number.

Employers will be eligible to participate in the program if they have not offered group health insurance in the 12 months prior to participation in the program. Participating employers will also be required to achieve 100 percent employee health insurance coverage, regardless of income.

Funding for the program is provided by fees collected from participating employers, state tobacco settlement funds, and federally matched funds.

Basic benefit package for adults:

- Six physician visits per year
- Seven inpatient hospital days per year
- Two outpatient hospital services per year
- Two prescription drugs per month

Individuals covered through the program will be required to cost share:

- \$100 deductible
- 15 percent coinsurance for all services except pharmacy
- Premiums for individuals will not exceed \$15 per month

### ***Florida Medicaid Reform – “Opt-Out”***

In October 2005, CMS approved a section 1115 demonstration waiver for the state of Florida. Two key principles of Florida Medicaid Reform are patient empowerment and bridging public and private coverage. The new reform plan will allow Medicaid beneficiaries with access to employer-sponsored health insurance to "opt-out" of the Medicaid program and receive subsidies to pay premiums for the employer-sponsored coverage.

All individuals eligible for Medicaid Reform may voluntarily opt out. Coverage will still be available for those individuals who have access to a quality ESI health plan, COBRA coverage, and coverage through a private plan when the enrollee is self-employed.

The state will provide strong outreach and education through choice counselors to increase awareness and understanding of the opt-out program. At a minimum, the choice counselor will encourage the individual to seek information on:

- The available health insurance at work;
- When the individual can enroll;
- Cost sharing by the plan;
- Preexisting condition clauses; and
- Whether individual or family coverage is available.

The benefit package under the ESI plan may be more restrictive than Medicaid coverage. However, because participation is voluntary, Medicaid will not provide wrap around benefits. Enrollees electing to opt-out will be responsible for paying the cost sharing requirements of the ESI plan, including deductibles and co-payments.

### ***Idaho Access to Health Insurance Program & Access Card***

The state of Idaho offers two "premium assistance" programs to support the purchase of private health insurance: Access to Health Insurance and the Access Card. Each of these programs is authorized through an 1115 HIFA waiver. Access to Health Insurance helps employees of small businesses and their families enroll in employer-sponsored insurance. The Access Card helps families buy health insurance for qualifying children.

The *Access to Health Insurance Program* is a program for small businesses and their employees. Employers must meet the following guidelines to participate in this program:

- Operate an Idaho small business (2-50 employees)
- Currently not offer health insurance
- Be willing to pay at least 50 percent of the employee's premium, or if the spouse enrolls, 50 percent of the combined insurance premium for the employee and spouse
- Have at least one employee who meets the income guidelines for premium assistance
- If the spouse enrolls, the employer must pay 50 percent of the combined premium for the employee and spouse.

The *Access Card* is a premium assistance program that helps parents purchase health insurance for their children and is administered in partnership with Idaho insurance carriers. An eligible child qualifies for up to \$100 per month in premium assistance or up to \$300 per month for families whose income is

between 150 percent and 185 percent of federal poverty guidelines. Parents are responsible for premium payments, co-pays, and deductibles.

### ***Vermont Catamount Health Employer Sponsored Insurance Initiative***

As part of the 2006 Health Care Affordability Act, uninsured Vermonters can receive help with the cost of an employer-sponsored health insurance plan, funded with state dollars. Vermont residents who are enrolled in or eligible for the Vermont Health Access Plan (VHAP) and uninsured Vermont residents with incomes under 300 percent of the federal poverty level are eligible to receive financial assistance for employer sponsored insurance.

Individuals enrolled in or applying for VHAP, health insurance for adults that are not eligible for Medicaid, will be required to purchase their employer sponsored insurance plan if the plan meets certain criteria:

- The employer's plan is as good as the typical plan of four largest insurers in the small group and association market.
- The state will review the plan to see if enrolling the individual in employer sponsored insurance—rather than VHAP—is cost-effective to the state.
- The state will provide secondary benefit coverage, so the coverage will not change.

Individuals who are otherwise eligible for Catamount Health, the new comprehensive insurance package that will be available to Vermonters that are ineligible for any other programs in October 2007, may get assistance for purchasing an employer-sponsored plan if the employer's plan is:

- Equivalent to Catamount Health, although there is more flexibility on coverage for chronic care by the plan before January 1, 2009
- The state will review the plan to see if enrolling the individual in ESI (rather than Catamount Health) is cost-effective to the state.

### ***New Mexico State Coverage Insurance***

State Coverage Insurance (SCI) is a public/private partnership that offers affordable health care coverage to eligible low-income working adults, primarily through an employer based system. It is available to uninsured adults ages 19 through 64, with countable family incomes of up to 200 percent of the federal poverty level. Enrollment may occur through employer groups or at the individual level. The program will be authorized through an 1115 HIFA waiver.

The employer and employee pay part of the premium and state and federal funds pay the remainder. If self-employed individuals wish to enroll, they pay the employer and employee portion of the premium. Employees or individual enrollees cannot have voluntarily cancelled health insurance in the past six months, and employers cannot have voluntarily cancelled health insurance for their employees in the last twelve months.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Yes, but we continue to look at other populations to insure. We are also looking to increase the Federal Poverty Level.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

A pro would be it allows a population of individuals to access health insurance who would not otherwise be able to without this program. It also enhances the private insurance industry. A con is this program is not available to everyone.

23. How has the program grown and/or changed since its inception?

Since inception the program has changed in several ways. O-EPIC has taken a “no barrier” approach regarding the application process. The employer applying for O-EPIC no longer needs to send a copy of their Oklahoma Employment Security Commissions quarterly report with the application. Now O-EPIC staff looks up the required information. Additionally employers are no longer required to reapply annually. Employers who still meet the O-EPIC Employer qualification will be automatically renewed ever 12 months. Another change was developed to increase the number of employees and employer could have and qualify for O-EPIC. Initially and employer must have had 25 or fewer full-time and part-time employees to qualify. Now the requirement is 50 or fewer full-time employees. These changes have reduced the burden for employers.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Subsidizing ESI programs is administratively complex, a premium assistance program may pose a new outreach challenge because it directly involves and requires the cooperation of employers and insurance brokers. It is important that outreach efforts target both groups and involve them in the design phase to address their concerns and ensure their participation. States wanting to do a similar program should not be overly optimistic about initial enrollment numbers. O-EPIC enrollment was 1000 in October of 2006, nearly one year after implementation. Yet another 1000 members were added over the next five months indicating slow but steady growth.

**Save in .doc or rtf. Return completed application electronically to [innovations@csq.org](mailto:innovations@csq.org) or mail to:**