

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 1:30 P.M. on March 6, 2007 in Room 231-N of the Capitol.

Committee members absent: Senator Peggy Palmer - excused
Senator Vicki Schmidt - excused

Committee staff present: Ms. Emalene Correll, Kansas Legislative Research Department
Mrs. Terri Weber, Kansas Legislative Research Department
Mr. Jim Wilcox, Revisor of Statutes Office
Ms. Nobuko Folmsbee, Revisor of Statutes Office
Ms. Morgan Dreyer, Committee Secretary

Conferees appearing before the committee: Senator Jim Barnett
Dr. Marcie Nielsen, Executive Director,
Kansas Health Policy Authority
Mr. Richard Cram, Director of Policy and Research,
Kansas Department of Revenue

Others in attendance: Please see attached Guest List

Continued discussion & questions on SB309 - An act enacting the Kansas Health Care Connector Act

Upon calling the meeting to order, the Chair wanted to update the Committee on the evolution of SB309, the connector stating that since the hearing on the bill, the insurance agencies expressed concerns about rising rates and suggested the Committee do their own actuarial study before they made drastic changes in the system. The Chair felt this was a good idea and went on to say that since that time:

- Senator Barnett has been working with the Kansas Health Policy Authority (KHPA) and secured private funds for an actuarial study;

- The Revisor was asked to come up with some substitute language that would not implement a connector but would allow:

- A.) Further study of the connector model;
- B.) Allow the KHPA to conduct an actuarial study over the interim
- C.) Set in place some enabling legislation that would allow the KHPA to further negotiate with Secretary Levitt on securing some funds for the privatization of Medicaid.

She then called on Senator Barnett to share with the Committee more about his communications with different parties on the connector and where this might be going.

Senator Barnett stated that looking back at what the Legislature did several years ago with the creation of the KHPA, it is starting to demonstrate how it makes some opportunities available to Kansans in terms of bringing together various groups to talk about health policy and analyze it carefully. No written testimony was offered.

The Chair then recognized Dr. Marcie Nielsen, Executive Director of KHPA, who was in the audience and announced to the Committee that KHPA had recently had a Board meeting with Senators Barnett and Kelley representing the Senate side. She asked Dr. Nielsen to share some of her ideas with the Committee about where they need to go in the future as they analyze the connector. The Chair also referred the Committee to the Agenda for the March 5, 2007 Steering Committee Meeting entitled "Health for All Kansans Steering Committee Roles/Guiding Principles, Legislative Proposals" set before them. A copy of the Agenda is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

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Dr. Nielsen stated they did have a meeting yesterday of the Health for all Kansans Steering Committee and thinks they are on a very good path to making a down payment on health reform this session in terms of thinking through a legislative package that really looks at access, quality of care, etc. but really sets the stage for what Senator Barnett just described which is what can we do together in Kansas that brings comprehensive reform and insures that people get access to affordable coverage and making certain that we understand how much is that costing the state, who it costs, does it cost employers, families, does it cost the federal government, so as you might imagine, it is a shared responsibility.

She went on to say that we need to develop that plan together, we need more information as we develop it, and thinks this outline describes to you what the Steering Committee is up to and what the time frame is. Their goal is to bring back to the legislature on March 20, 2007, after the KHPA Board meets, an approved plan by the KHPA that really lays those two pieces out :

- A.) The short term legislative package which she considers a down payment and then,
- B.) The broader enabling legislation which really sets the frame work for how we might have comprehensive reform here in Kansas.

The Chair referred the Committee to pages four and five of the handout which is the enabling legislation that outlines the things that the KHPA could start working on and that the legislature could look at next year, to look at a comprehensive package.

The Chair asked Dr. Nielsen where the Steering Committee was at on securing funding for an actuarial study.

The Chair then asked Dr. Nielsen to update the Committee on where she is at in her negotiations with Secretary Levitt and what you might need to help you secure some extra dollars for Medicaid.

Dr. Nielsen stated as we talked about in some of these Steering Committees and certainly at the Board level, states who have been successful in enacting comprehensive reform really fall into two camps:

- A.) The first is, those that were at risk of loosing a lot of federal money.
- B.) The second is, states have the potential to get a lot of federal money because they are willing to think innovatively and partner with the federal government.

She concluded:

- A.) This creates an opportunity for Kansas to really drive what we really want to do and here but to make it clear to the federal government we want to make a deal;
- B.) By having enabling legislation that sets out what comprehensive reform in Kansas should be;
- C.) Specify we want to partner with the federal government and take advantage of some of these new opportunities for states;
- D.) It should really put the state of Kansas in a great negotiating position to drive down federal funds.

With no further questions of Dr. Nielsen, the Chair stated that the connector allows individuals to own their own insurance and also gives them their insurance with pretax dollars. She went on to say that during the hearing on **SB309**, there was some discussion regarding the Section 125 plan that employers can engage in to use pretax dollars for health insurance and wanted the Committee to have more information on this. She then called upon Mr. Richard Cram, Director of Policy and Research, from the Department of Revenue.

Mr. Cram stated that the cafeteria plan, also known as a "Section 125 plan" in reference to the Internal Revenue Code section governing it, is also known as a "flexible spending account" of which there are two:

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A.) Medical expenses not paid by insurance;

B.) Dependent care.

He went on to say that the cafeteria plans must be in writing and must contain certain provisions which were listed in his testimony, benefit allocations must be made prior to a period of coverage.

He concluded by saying both the employer and employee can both benefit from a cafeteria plan. A copy of his testimony is (Attachment 2) attached hereto and incorporated into the Minutes as referenced.

The Chair thanked Mr. Cram and asked for questions from the Committee which came from Senators Barnett and Wagle including:

A.) Can these be used to buy an insurance policy or does it have to go toward a flexible HSA account?

B.) How many companies in Kansas have the 125 plans?

C.) With regards to extending benefits up to 250 or 300% of poverty: ex. For a family of four certainly above \$30,000 and actually above \$50,000, so with the tax brackets in Kansas at 3.5, 6.25, and 6.45 is that zero to 30, 30 to 50, and 50 and above and am I correct on those tax brackets?

As there were no further questions of Mr. Cram, the Chair mentioned also in their discussions with the insurance industry, with Coventry being involved in an Oklahoma plan called the Oklahoma Employer/Employee Partnership for Insurance coverage (O-EPIC) and if you will remember, Oklahoma instituted an HPA that is very similar to the Kansas authority and they are offering an insurance program to low income families and individuals and she has asked Mrs. Terry Weber, Kansas Legislative Research Department, to research on this because it seems to be very successful and we might be interested in what another state was doing.

Mrs. Weber stated that the O-EPIC program is a part of a 2004 Oklahoma Health Care Initiative whose purpose is a premium subsidy program for low income working adults between the ages of 19 and 64, which is run primarily through small businesses (who must qualify and participates using a qualified health) and has two components:

A.) Employer-sponsored Insurance (O-EPIC ESI) program;

B.) Individual Plan (O-EPIC IP).

Highlights included:

A.) Oklahoma's goal for the enrollment in O-EPIC;

B.) The time line;

C.) Funding (by state general fund revenues generated by an increase in the sales tax on tobacco products, along with federal matching funds under Title XIX and employer / Employee contributions.)

D.) Employer-sponsored Insurance Program (ESI) (eligibility requirements and enrollment process);

E.) A chart providing an example of how the premium subsidy would work for a family of four;

F.) Requirements

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- 1.) Health plans;
 - 2.) Insurance Agent
- G.) Individual Plan (IP) eligibility requirements and enrollment process (ex. implemented for working adults who are not eligible for an employer sponsored qualified health plan & the company employees less than 50 people.);
- H.) Program marketing and participation.
- I.) Children are not eligible for this program but they have a Sooner Care Program.

Mrs. Weber concluded by offering: a power point overview of their program, fast fact sheets which are updated monthly, (ex. An overview for one of their programs (the Individual Plan) and an employer fact sheet which gives you what the eligibility requirements are) and brochures that they distribute for both the employer sponsored and the individual plans. Copies of her overview of the O-EPIC Program and attachments are (Attachment 3) attached hereto and incorporated into the Minutes as referenced.

The Chair thanked Mrs. Weber and asked:

- A.) If she had any idea of how many insurance plans were approved and what is your choice through your employer if you are a family?
- B.) Can you purchase this plan with pretax dollars?

As there were no further discussion or questions of Mrs. Weber, the Chair stated that hopefully by next Monday the Committee will have before them some substitute enabling legislation that would allow the KHPA to move forward with an actuarial study, show the federal government that Kansas is interested in reform and wanting to draw down some additional federal dollars, and something that would give us more information next year on health care reform.

Adjournment

With no further business, Chairperson Wagle announced the meeting was adjourned. The time was 2.25 p.m.

The next meeting is scheduled for March 13, 2007.

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

GUEST LIST

DATE: 3-6-07

NAME	REPRESENTING
Dan Murray	Federico Consulting
Lindsay Douglas	Hein Law Firm
Joshua Lewis	Sen. Schmidt
Ira Stefan	Self
Ken Daniel	K5SMALLBIZ.COM
Emily Mueller	Kansas Chamber
Gary Robbins	KSOPTOMETRIC ASSN
DAVID KLEPPER	THE K.C. STAR
Matthew Goddard	Heartland Community Bankers Assoc.
William W Sneed	ANIP
PAT EAKES	KCDC
Chip Wheelen	Asn of Osteopathic Med.
Karl Wenger	Kearney + Associates
Suzanne W. Kle	Kansas Action for Children
Cara Greve	KAMU
MATV P. MATTE	WIA CHRISTI HEALTH SYSTEM
Kerri Spelman	KATA
Luke Thompson	KHPA
Megan Ingmire	KHPA

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SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

GUEST LIST

DATE: Tuesday March 6, 2007

NAME	REPRESENTING
Andy Allison	KHPA
Mari Nielsen	KHPA
Richard Cram	KDOR
Stan Stotts	KDOR
LARRY MAGILL	KS ASSN OF INS AGENTS
Bill Fred Palumbo	CPA/KS
Austin Hayden	Sen. Bryant
Brad Insoot	BCBS
Renee Ann Power	KATHP
Jenny Slaughter	KMS

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**Health for All Kansans Steering Committee Role/Guiding Principles, Legislative
Proposals
March 5th, 2007**

1. Agenda for March 5th Steering Committee Meeting

- Define roles of Steering Committee, KHPA Board, Advisory Councils
- Adopt guiding principles and timeframe for “health for all”
- Discuss proposed legislative package that could be enacted this session
- Discuss enabling legislation/resolution this session to charge the KHPA with development of “health for all Kansans” legislation for adoption in 2008 and implementation in 2009 and 2010.
- Invitation to health reform discussion led by Len Nichols¹ on March 13th 2007.
- Next meeting: March 19th to deliver final legislative package/enabling legislation to the KHPA Board on March 20th.

2. Role of Role of Steering Committee, KHPA Board, Advisory Councils

- A. Role of KHPA Board:** *Coordinate health and health care for Kansas*
- a. Manage specific programs including Medicaid, State Children’s Health Insurance Program, State Employee Health Benefit Program
 - b. Develop and propose annual budget for programs and health policy reforms
 - c. Coordinate health programs between agencies; answers to Oversight Committee
 - d. Board Retreat 2007: Responded to Governor’s request to create a Health for All Steering Committee in partnership with the legislature to advance health reform legislation for 2007/8 session
- B. Role of Steering Committee:** *Advise the KHPA Board, Governor, and Legislature leadership, including the Health Policy Authority Oversight Committee*
- a. Comprised of:
 - Four voting KHPA Board members (and staff),
 - Two ex-officio KHPA Board members (Secretary Bremby of KHDE, Insurance Commissioner Sandy Praeger)
 - Four legislators (appointed by legislative leadership in both Houses)

¹ Len Nichols, a highly respected healthcare economist, directs the Health Policy Program at the New America Foundation, which aims to expand health insurance coverage to all Americans while reining in costs and improving the efficiency of the overall health care system. Before joining New America, Dr. Nichols was the Vice President of the Center for Studying Health System Change, a Principal Research Associate at the Urban Institute, and the Senior Advisor for Health Policy at the Office of Management and Budget during the Clinton reform efforts of 1993-94. Dr. Nichols received his Ph.D. in Economics from the University of Illinois. He has been a key consultant for a number of states on health reform issues and is supportive of health connector reforms.

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Date: March 6, 2007
Attachment 1*

- Governor's Chief of Staff
 - Two at-large community members (Former Education Commissioner Andy Tompkins, and KU Law School Dean Gail Agrawal)
- a. Advise the KHPA Board, the Governor, legislative leadership regarding a legislative package that could be enacted this session (see #4 below)
 - b. Advise the KHPA Board, the Governor, the legislative leadership regarding enabling legislation (see #5 below) that charges the KHPA with development of broader health reform legislation for the 2008 legislative session
 - c. Under direction of the KHPA Board, charge the KHPA Advisory Councils (see below) to assist in development of health reform initiatives – work in partnership with advisory councils to develop Kansas-specific reforms

F. Role of Advisory Councils:

- a. Four advisory councils: Consumer, Provider, Purchaser, and At-Large
- b. Begin meeting the end of March/early April. Meeting monthly or every other month as needed.
- c. Assist the Steering Committee and KHPA Board with the development of health reform options throughout summer and fall of 2007.
- d. Assist the Steering Committee and KHPA Board over the long term with development and refinement of health reforms for Kansas.

<p>3. Draft Guiding Principles and Goals for the Steering Committee:</p>

A. *Combine KHPA vision principles with language suggested by legislators:*

- Every Kansan should have access to patient-centered health care and public health services ensuring the right care, at the right place, and the right price.
- Health promotion and disease prevention should be integrated directly into these services.
- The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.
- *Reforms to the health system in Kansas should be fiscally responsible, market based, and promote individual responsibility².*
- *Reforms to the health system in Kansas must protect the health care safety net³.*

B. Time frame for the goals:

- By March 19th 2007: Advise the KHPA Board, the Governor, and legislative leadership on a proposed legislative package that could be considered during the 2007 session.
- By March 19th 2007: Advise the KHPA Board, the Governor, and legislative leadership on proposed enabling legislation that would charge the KHPA with

² Per Rep. Jeff Colyer's suggestion

³ Per Senator Laura Kelly's suggestion

the development of health reform options that achieve access to care for all Kansans.

- March 20th, 2007: Share proposed legislative package and enabling language for consideration by the KHPA Board.
- April 1 through November, 2007: The KHPA will develop health reform options as outlined in the enabling legislation, in collaboration with the Advisory Councils. Analysis for these reform options will be provided by national experts with experience in state health reform.
- By November 1, 2007: The KHPA staff will deliver the health reform options to the KHPA Board, Governor, legislative leadership (including the Oversight Committee) for their consideration.
- 2008 Legislative Session. The Governor and Legislature will consider health reform options for adoption by 2008 legislature.
- 2009 and 2010. KHPA to implement health reforms – continue to collaborate and refine policies with the Advisory Councils and Steering Committee.

4. Possible Legislation this session

Propose the following “package” of reforms which should be administratively and politically feasible, as outlined below:

Early Detection. Expand screening for newborns from our current level of four tests to twenty-nine. This effort represents a true and meaningful step in the direction of early diagnosis and early intervention that will pay immeasurable benefits in future years.

FY 2008 SGF: \$191,000 All Funds: \$1,189,942

Expand insurance to young adults through their parents’ policies. Extending the age of dependency could cover more young adults in the state. Change the age from 23 to 25 and mandate that private insurers also provide coverage to dependent.

Getting new cost estimates.

Medicaid Outreach and Enrollment. Description: Expand the marketing of programs available to the public in order to educate Kansans about the Healthwave program and health and wellness through: (1) designing an online application and screening tool for potential beneficiaries, (2) developing and implementing a targeting marketing campaign and (3) employing additional outreach workers.

FY 2008 SGF: \$336,247 (FY 2008) All Funds: \$ 822,112 (FY 2008)

Consider DRA Flexibilities. The DRA allows moving waiver services into the Medicaid state plan, designing benchmark benefit packages with more cost sharing, and exploring innovative reform models through Medicaid Transformation Grants. Premium assistance (defined below) is one of the DRA flexibilities.

Cover Kansas Pregnant Women, Children and/or Low Income Families through Premium Assistance. Some states are moving toward a premium assistance model which is meant to encourage low-income families' participation in private coverage, shore-up the private coverage market and prevent crowd-out, and achieve cost savings by bringing in employer contributions to help offset costs. Premium assistance programs use federal and state Medicaid and/or SCHIP funds to subsidize the purchase of private health insurance. They may also utilize employer or enrollee contributions to help pay premium costs. Some premium assistance models provide "wrap-around" coverage to the employer sponsored plan. Premium assistance models can be used to cover all Kansas children (ages zero to five) and pregnant women. Premium assistance could also be developed in tandem with a Health Insurance Exchange model. **Cost: Unknown at this time; goal to bring in federal dollars.**

Transparency. Promote Transparency for Kansas Consumers and Purchasers through a two phased approach that collects data currently available in one convenient location (through KHPA and State libraries), and then adds health care pricing and quality data (as determined by the KHPA Data Consortium – made up of providers, consumers, and purchasers). This kind of information will also help to reduce utilization of care that is not evidence based or is of questionable quality, which can serve to reduce overall health care costs.

SGF: \$425,682 (FY 2008)

All Funds: \$543,790 (FY 2008)

Health Information Technology/Exchange (HIT/HIE). Building on the work of the Health Care Cost Containment Commission and the KHPA staff, the state should establish an Implementation Center for HIE in Kansas through a public/private entity as a single coordination point for Kansas HIE efforts.

SGF: \$750,000 (FY 2008)

All Funds: \$1 M (FY 2008)

5. Possible Enabling legislation/resolution

Consider enabling legislation/resolution this session to direct development of "health for all Kansans" legislation for adoption in 2008 and implementation in 2009 and 2010 as outlined below:

Framework: Charge the KHPA to develop and model health reform options for the 2008 Legislative session that promote the following guiding principles:

1. Promote patient-centered health care and public health services for every Kansan, ensuring the right care, at the right place, and the right price.
2. Health promotion and disease prevention should be integrated directly into these services.
3. The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.
4. Reforms to the health system in Kansas should be fiscally responsible, market based, and promote individual responsibility.
5. Reforms to the health system in Kansas must protect the health care safety net.

Economic Impact/ Actuarial Study: The KHPA shall contract with national health insurance policy experts to conduct rigorous economic analysis to understand how different health policy proposals affect coverage changes (in public programs, employer sponsored insurance, directly purchased insurance, and the uninsured) as well as spending by payer (State government, federal government, families, employers). This information is critical in helping to determine which proposals are most feasible in Kansas in the 2008 legislative session.

Funding: Possible sources of funds for health reform should also be identified (i.e. federal government, tobacco tax, uncompensated care funds (DSH)), assessments levied on employers who do not provide health insurance).

Maximizing Federal Funding. The KHPA will develop innovative health reforms in collaboration with the US Secretary of Health and Human Services, with the intention of using the newly-announced "Affordable Choices Initiatives" funding in order to expand health care services to low income populations.

Reinsurance. Analyze the potential for reinsurance, in partnership with Commissioner Praeger and the Business Health Committee. Using a reinsurance mechanism similar to that of Healthy New York, premium volatility in the small group market can be reduced. The increased predictability in premium trends and lower costs could significantly expand coverage to small employers and sole proprietors. State subsidies for reinsurance could also work to reduce premiums and increase insurance coverage in the individual and small group market.

Health Insurance Connector. Analyze policies that create a health insurance exchange or connector that would serve as a clearinghouse to facilitate the pooling and purchasing of health insurance could facilitate access to health insurance products by small employers and individuals. A health connector model would: (1) Increase portability and ownership by individuals of health care policies; (2) Use of pre-tax dollars to purchase health insurance whenever possible; (3) Expand the role of the consumer in health care decisions; (4) Using federal dollars to subsidize premiums, realizing the Congress is looking for States prepared with innovate ideas for insuring low income families.

Others?

Testimony to the Senate Health Care Strategies Committee

Richard Cram

March 6, 2007

Information Concerning IRC Section 125 Cafeteria Plans

Senator Wagle, Chair, and Members of the Committee:

A cafeteria plan allows an employee to pay for certain employee benefits on a pre-tax rather than after-tax basis. The cafeteria plan is also known as a "Section 125 plan," in reference to the Internal Revenue Code section governing it, and is also known as a "flexible spending account." The two most common types of accounts are for medical expenses not paid by insurance and dependent care.

Cafeteria plans must be in writing and must contain certain provisions including: a description of benefits, periods of coverage for each benefit, eligibility rules, provisions for contributions and the plan year.

Benefit allocations must be made prior to a period of coverage. The amount of money an employee decides to contribute cannot change unless there are certain changes made in the family status. An employee must estimate the costs to be incurred during a plan year and then the money is taken from the employee's salary and placed in the employee's cafeteria plan allotment. Payments from the plan are made after the employee has paid for the expenses and presents receipts for the expenditure to the employer.

The benefits must be used before the end of the plan year. Any money that is left unspent is forfeited. In 2005, the IRS authorized a 2.5 month grace period that employers can use in their plans.

Employers and employees can both benefit from a cafeteria plan. Employees agree to salary reductions of a certain amount and the employer contributes that amount to a qualified cafeteria plan. The amount contributed is not subject to federal and state income taxes and FICA taxes. Employers are not required to pay FICA taxes on the amount contributed to a cafeteria plan. Depending on the employee's marginal income tax bracket, an employee that contributes \$2,000 to a cafeteria plan would see the following tax reductions:

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EMPLOYEE TAX BENEFIT:

Contribution	Fed. Marg. Bracket	Fed. Tax Reduction	Ks. Marg. Bracket	Ks. Tax Reduction	FICA	Total
\$2,000	15%	\$300	3.5%	\$70	\$153	\$523
	25%	\$500	6.25%	\$125	\$153	\$778

EMPLOYER BENEFIT:

Contribution	FICA Tax Reduction	Total Reduction
\$2,000	\$153	\$153

The FICA tax rate for employees and employers is 7.65%.

Present with me today is Steve Stotts, Director of Taxation, who prepared the above information.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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March 6, 2007

OVERVIEW OF THE OKLAHOMA EMPLOYER/EMPLOYEE PARTNERSHIP FOR INSURANCE COVERAGE (O-EPIC) PROGRAM

The following information is provided as a general overview of the Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC) program. The O-EPIC program is part of a 2004 Oklahoma Health Care Initiative. Other components of the initiative included increasing health care provider rates, building a cancer research center, enhancing the state-wide trauma care system, funding telemedicine, expanding adolescent substance abuse treatment programs, and providing youth tobacco cessation programs.

Purpose

O-EPIC is a voluntary program designed to provide health insurance premium assistance to Oklahoma's lower income, working adults by providing financial assistance to small businesses and their employees who purchase a qualified health plan from the private market. The program has two components: the Employer Sponsored Insurance (O-EPIC ESI) program and the Individual Plan (O-EPIC IP). Children are not eligible for the O-EPIC program but may be eligible for SoonerCare, the Oklahoma State Children's Health Insurance Program (SCHIP).

Goal

The goal for overall enrollment in O-EPIC is 50,000 individuals: 25,000 in the Employer Sponsored Insurance program and 25,000 in the Individual Plan.

Timeline

- April 2004 – SB 1546 authorized the Oklahoma Health Care Authority to develop a program assisting adults, 19 to 64 years of age, who do not exceed 185 percent of the federal poverty level, with either (1) a portion of their private health plan premiums, or (2) the purchase of a state sponsored health plan operated under the state Medicaid program.
- Summer 2004 – through a grant from the U.S. Health Resources and Services Administration, the Oklahoma Health Care Authority (OHCA) conducted a study of the uninsured in Oklahoma.

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- November 2004 – the Oklahoma Health Care Initiative, known as State Question 713, was passed by the Oklahoma electorate. One component of the Initiative created the funding base for O-EPIC by increasing the sales tax on tobacco products, with a portion of the revenues designated for O-EPIC.
- September 2005 – the Centers for Medicare and Medicaid Services (CMS) approved a waiver under the Health Insurance Flexibility and Accountability Demonstration Initiative to allow health plan premium assistance to low income individuals and small businesses.
- November 2005 – O-EPIC began enrollment in the Employer Sponsored Insurance program. Small employers with up to 25 employees could apply for government subsidies to buy health care insurance.
- June 2006 – HB 2842 signed into law. A section of this bill authorized the expansion of the O-EPIC program to include small employers with 50 or fewer employees.
- October 2006 – O-EPIC began enrollment of small employers with 50 or fewer employees.
- January 2007 – O-EPIC began enrollment for the Individual Plan.

Funding

The O-EPIC program is funded by state general fund revenues generated by an increase in the sales tax on tobacco products, along with federal matching funds under Title XIX and employer and employee contributions. The tobacco sales tax was increased \$0.80, from \$0.23 to \$1.03, in November 2004, following approval of State Question 713. Approximately \$50 million of the sales tax revenue is designated for O-EPIC.

The state's contribution is matched with approximately \$100 million in federal funds approved under the Health Insurance Flexibility and Accountability Demonstration Initiative (HIFA). Employers are required to contribute a minimum of 25 percent of eligible employee-only premium costs. Employees are required to contribute up to 15 percent of the premium costs. The O-EPIC program may limit existing eligibility, or suspend new eligibility, by establishing a waiting list of employers when the utilization of services is projected to exceed the spending authority.

Employer Sponsored Insurance Program (ESI) Eligibility Requirements and Enrollment Process

There are eligibility requirements to participate in the O-EPIC ESI program for employers, employees, health plans, and health insurance agents.

Employer Eligibility Requirements. To participate in the O-EPIC program, employers must meet the following eligibility requirements:

- Be located in the State of Oklahoma;

- Have 50 or fewer employees;
- Contribute at least 25 percent of eligible employees' premium costs; and
- Offer an O-EPIC qualified health plan.

Employer Enrollment Process. To enroll in the O-EPIC program, employers must:

- Meet the eligibility requirements;
- Contact an insurance agent;
- Select an O-EPIC qualified health plan; and
- Complete an O-EPIC application packet (Small Business Employer Application, including a final rate schedule for the health plan; Employee Listing Form; Electronic Funds Transfer Form; Small Business Change Form; and Employer Contract).

The O-EPIC program does not facilitate the purchase of any private health plans. If the business already is enrolled in a private health plan, the employer must determine if the plan is on the list of O-EPIC qualified plans. If the employer's plan is not on the list of qualified plans, the employer can contact the plan agent who can work with the plan carrier to begin the qualification process.

Upon approval to participate in O-EPIC, the employer will receive application information for his or her employees. The employees must then apply and be approved. The employer must send the monthly health plan invoice to O-EPIC and O-EPIC will pay the premium subsidy to the employer monthly. The employer is responsible for remitting the full payment to the insurance company. The health plan coverage period must begin on the first of the month and end on the last day of the month to allow O-EPIC and the carrier the necessary time to process the monthly invoices.

The employer is eligible for O-EPIC for a 12-month period. Once approved for participation, as long as the employer remains eligible, the employer will be allowed to renew and will not be subject to any waiting list. The employer is not required to contribute to spouse coverage but if he or she does, O-EPIC will subsidize half of the spouse's premium payment. Any employer who drops insurance coverage must wait six months before he or she can reapply for the O-EPIC program.

Employee/Spouse Eligibility Requirements. To participate in the O-EPIC program, employees and spouses must meet the following requirements:

- Be an Oklahoma resident;
- Be a United States citizen or qualified alien;
- Be between the ages of 19 and 64;
- Have a gross annual household income at or below 185 percent of the Federal Poverty Level (for 2006, \$37,000 for a family of four);

- Be ineligible for Medicaid or Medicare;
- Contribute the lesser of either 15.0 percent of the premium costs or 3.0 percent of their annual gross income; and
- Be enrolled in an O-EPIC qualified health plan offered by the employer.

Employee/Spouse Enrollment Process. To enroll in the O-EPIC program, employees must:

- Have received an O-EPIC letter and a Personal Identification Number from their employer;
- Make application within 30 days of the employer approval or becoming eligible to participate;
- Report all gross earned and unearned income for each member of the household; and
- Provide the Social Security Number for each household member.

Any full-time or part-time employee who is eligible to participate in their employer-sponsored O-EPIC health plan can apply for the premium assistance. Employees can apply online or can download an application form to be mailed upon completion. Employees are eligible for participation for a 12-month period. Employees must reapply at the end of their employer's eligibility period, when changing employers, when changing health plans, or when adding spouse coverage.

Employees are responsible for all out-of-pocket expenses but can receive reimbursement if the expenses are for services covered by the health plan and the expenses exceed 5.0 percent of the employee's gross annual household income during the current eligibility period. The reimbursement for qualified out-of-pocket expenses is subject to a fixed amount which is indicated in the letter approving the employee's participation in the O-EPIC program.

Example of how the premium subsidy works. The following chart provides an example of how the premium subsidy would work for a family of four:

Employers are required to contribute at least 25 percent of the employee premium. The employee is required to contribute no more than the lesser of either 15 percent of their premium or 3 percent of their gross income. The state pays for costs incurred above these amounts.

- Example:
- Family of four: husband, wife, two children
 - Annual household income: \$34,000 (180 percent FPL)
 - Employer Sponsored Insurance Premium: \$300 for individual / \$600 for individual & spouse

Payer	Individual	Spouse	Total
Employer	\$75	0	\$75
Employee	\$42.50	\$42.50	\$85
State Share	\$54.50	\$77.50	\$132
Federal Share	\$128	\$180	\$308
Totals	\$300	\$300	\$600

The employer share is 25 percent of the employee premium rate of \$300, or \$75. The employee share is 15 percent of \$600 or \$90. Since the \$90 exceeds 3 percent of the employee family income, the employee share is capped at the 3 percent figure, or \$85. The O-EPIC subsidy equals the combined state and federal share (\$132 and \$308) for a remaining balance of \$440.

Payment Arrangement Facts

Employers will be required to contribute at minimum 25 percent of the premium amounts.

Individuals will pay up to 15 percent of the monthly premium (capped at 3 percent of monthly household income).

Health Plan Requirements. To be deemed an O-EPIC qualified health plan and, thereby, make premium subsidies available to small groups, the following requirements must be met:

- Carriers must submit requested health plan information to the Oklahoma Health Care Authority to be considered for qualification;
- The health plan must offer hospital services, physician services, laboratory and x-ray services, and a pharmacy benefit. Additionally,
 - If the health plan requires deductibles or has an out-of-pocket (OOP) maximum, the maximum OOP cannot exceed \$3,000 per individual, including any individual, annual deductible amount, except for pharmacy;
 - If the health plan requires co-payments, the co-payments for office visits cannot exceed \$50 per visit; and
 - If the health plan requires an annual pharmacy deductible, the deductible cannot exceed \$500;
- Carriers must file a quarterly financial statement with the Oklahoma Insurance Department; and
- Carriers must agree to periodic audits to determine if the qualified health plan continues to meet all qualification requirements.

All plan information submitted for the O-EPIC program is used internally by the Oklahoma Health Care Authority staff. Carriers are not required to report group or individual member information to O-EPIC. After the health plan is qualified, the only additional information the carrier must provide is to inform O-EPIC of any changes to the design or structure of the health plan, 90 days prior to the effective date of the changes.

A list of all qualified health plans is available on the O-EPIC website. Currently, there are approximately 15 qualified plans including BlueCross BlueShield, Coventry Health Care of Kansas, Inc., and United Healthcare.

Insurance Agent Requirements. Although any agent can write O-EPIC policies, to become a "qualified agent," insurance agents must earn 10 points by completing any combination of the following activities:

- Attend a free three-hour continuing education course (three points);
- Attend up to two "brown bag" lunches (two points for each lunch);
- Enroll first successfully qualified employer (three points);
- Enroll additional qualified employers (two points for each employer); or
- Attend one O-EPIC meeting (one point).

The brown bag lunches are structured to facilitate discussion about the O-EPIC program and to receive comments on how the program is working and what can be done to improve it. Agents who are designated as qualified O-EPIC agents are listed on the program website. Currently, there are 44 qualified agents.

The O-EPIC website also provides an agent tool kit that includes a manual, application and enrollment forms, sample letters, and marketing materials. The marketing materials include an O-EPIC video, brochure, employer fact sheet, and an employer invoice due date and subsidy payment schedule. The O-EPIC program will pay for half of the marketing costs for newspaper, radio, and television advertising if agents follow certain advertising guidelines. Agents can design their own copy or can use pre-approved copy. To receive assistance in paying for advertising, agents must send proof of publication along with a copy of the invoice.

Individual Plan (IP) Eligibility Requirements and Enrollment Process

The O-EPIC Individual Plan was implemented in January 2007 and is available to persons who meet the definition of one of the following groups:

- Is a working adult who is not eligible for an employer sponsored qualified health plan and who works for an employer having 50 or fewer employees;
- Is a temporarily unemployed working adult who is eligible to receive unemployment benefits through the Oklahoma Employment Security Commission; or

- Is a working adult with a disability who works for an employer of any size and has a "ticket to work."

Individual Plan Eligibility Requirements. To be eligible to participate in the O-EPIC IP, the individual must:

- Meet the definition of one of the above groups;
- Be an Oklahoma resident;
- Be a United States citizen or qualified alien;
- Be between the ages of 19 and 64;
- Have a annual gross household income at or below 185 percent of the Federal Poverty Level (for 2006, \$37,000 for a family of four);
- Not be enrolled in or have an open application for Medicaid or Medicare; and
- Not be eligible for enrollment in the O-EPIC employer sponsored insurance program.

Individual Plan Enrollment Process. To enroll in the Individual Plan, the individual must:

- Complete the O-EPIC application form;
- Report all gross earned and unearned income for each member of the household; and
- Provide the Social Security Number for each household member.

The Oklahoma Health Care Authority acts as the carrier for the Individual Plan. The Authority processes claims and members access services through the SoonerCare network of providers. Members have to choose a Primary Care Provider to act as their "medical home" and receive a limited set of the services available through SoonerCare. Excluded services include allergy testing and treatment; dental services; emergency and non-emergency transportation; nursing home care; physical, speech, or occupational therapy; transplants; hospice; and hearing or vision testing treatment.

Premiums for the O-EPIC Individual Plan are based on income with premiums ranging from \$0 to \$49.33 per month for an individual and \$0 to \$66.44 per month for a couple. Participants are required to make co-payments for services such as \$10 per office visit and \$10 for name brand prescription drugs. The O-EPIC program reports that as of the first of February, 111 applicants had been pre-approved for the Individual Plan.

Program Marketing

The O-EPIC program has been marketed directly to businesses through insurance agents, chambers of commerce, and other grassroots organizations. Additionally, the Oklahoma Health Care Authority has partnered with the Oklahoma Insurance Department and the Oklahoma Department of Commerce in an aggressive marketing and outreach campaign.

Program Participation

As of February 2007, there were approximately 1,600 employees representing 787 small businesses enrolled in the Employer Sponsored Insurance program. The average premium assistance payment in January 2007 was \$238.53. Of the 77 counties in Oklahoma, 72 counties were participating in the O-EPIC program.

The Oklahoma Health Care Authority conducted a survey of 360 participating business owners in September 2006 which showed that improved employee morale and increased ability to hire qualified workers were the two main benefits of the O-EPIC program. The study results showed that employers were pleased with the program and that it was easy to enroll in and to administer. The businesses reported about a 50 percent increase in the number of insured workers. About two-thirds of the businesses had an existing health insurance plan, while one-third had to enroll in a plan to take advantage of the premium assistance program.

Additional information on the O-EPIC program can be found on the program's website at www.oepic.ok.gov.

Contact information:

Terri Weber, Principal Analyst
Kansas Legislative Research Department
TerriW@klrd.state.ks.us

TMW/kal



**The Oklahoma Employer/employee
Partnership for Insurance Coverage**

3/5/2007

1

Today's Agenda

- Oklahoma's Uninsured
- Background
- Overview of O-EPIC program
- Questions and answers

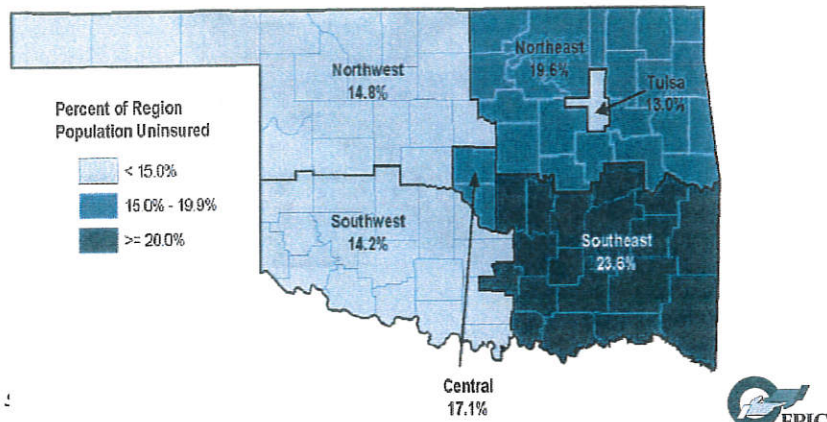
3/5/2007



2

Oklahoma Uninsured Numbers

17.3% Uninsured Oklahomans



3/5/2007



3

Who Are Oklahoma's Uninsured?

- Many are working adults
- Many work for small Oklahoma businesses
 - Approximately 60 thousand businesses have 50 or less employees
- Small businesses are most at risk for
 - Losing health insurance coverage
 - Not having the ability to offer health insurance coverage

3/5/2007



4

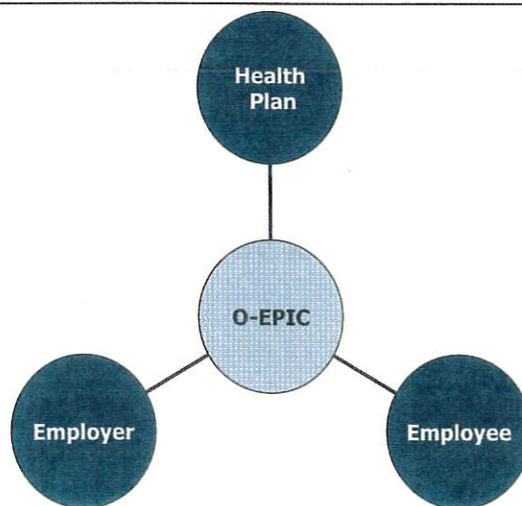
Background

- Governor's Health Care Initiatives
 - Cancer Center, Trauma Center, Uninsured
- State Funding through Tobacco Tax
 - \$50 M State, \$100 M Federal
- Cover 50,000 to 70,000 Individuals

3/5/2007



O-EPIC Premium Assistance for Small Businesses



3/5/2007



Qualified Health Plan

- Approved by Oklahoma Insurance Department
- Must cover hospital, physician, lab & x-ray, and pharmacy
 - \$3000 out-of-pocket max
 - \$50 office visit co pay max
 - \$500 pharmacy annual deductible max

3/5/2007



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Employer Eligibility Criteria

- 50 or fewer employees
- Oklahoma located company
- Offering a Qualified Health Plan
- Contributes 25% of employee premium

3/5/2007



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Employee/Spouse Eligibility Criteria

- O-EPIC income levels
- Oklahoma resident or Citizen
- Between the ages of 19 and 64
- Contributes 15% of monthly premium

Note: Children eligible for coverage under
SoonerCare



3/5/2007

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2006 O-EPIC Income Levels

Family Size	Annual Household Income
1	\$18,130
2	\$24,420
3	\$30,710
4	\$37,000
5	\$43,290
6	\$49,580
7	\$55,870
8	\$62,160

Eligible for up to 12 months

Eligibility Wizard is available at www.insureoklahoma.org



3/5/2007

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Example of Premium Contributions

Family of four: (husband, wife, two children)

Annual household income: (\$37,000)

Employer Sponsored Ins Premium: (Individual \$300/ with spouse \$600)

Payer	Individual	Spouse	Total
Employer Share	\$75	0	<u>\$75</u>
Employee Share	\$45	\$45	<u>\$90</u>
O-EPIC Subsidy	\$180	\$255	<u>\$435</u>
Premium Totals	\$300	\$300	<u>\$600</u>

3/5/2007



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Employer Enrollment Process

- Access www.insureoklahoma.org for information and forms
- Contract or be at the contracting stage with a Qualified Health Plan
- Initiate the O-EPIC application process

3/5/2007



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6
8-14

Employer Enrollment Continued

- Employers must complete and submit the enrollment packet which includes:
 - O-EPIC application
 - Staff listing
 - O-EPIC contract
 - Electronic Funds Transfer form
 - Health plan final rate schedule

3/5/2007



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Employee Enrollment Process

- Employees will receive an O-EPIC letter and PIN from their employer
- Employees must be enrolled in a Qualified Health Plan offered by their employer
- Employees must complete and submit the O-EPIC application

3/5/2007



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Employee Enrollment Continued

- To apply the employee must
 - Apply on-line
 - Report all gross earned and unearned income for each member of the household
 - Provide the Social Security Number for each household member

3/5/2007



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Employer Payments

- After employers and employees apply and are eligible:
 - Employers must send a copy of their health plan invoices each month
 - Employers will receive subsidy payments electronically each month
 - Employers must forward entire health plan payment to the carrier on time

3/5/2007



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Employee Payments

- Employees may be eligible for reimbursement of certain out-of-pocket expenses, up to \$900
- Employees must submit expense claim forms and documentation
- Employees will receive checks repaying them for eligible out-of-pocket expenses

3/5/2007



Employer Renewal

- Employers must renew their eligibility:
 - At the end of the 12 month eligibility period
 - When they choose to change health plans

3/5/2007



Employee Renewal

- Employees must reapply:
 - At the end of their employer's eligibility period
 - When they change employers
 - When they choose to change health plans
 - When they get married and choose to add spouse coverage

3/5/2007



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Questions

- For more information:
 - Visit our web site at www.insureoklahoma.org
 - Call the O-EPIC Hotline at 1-888-365-3742
 - Contact:
 - Melissa Pratt 405-522-7333
 - Melissa.pratt@okhca.org
 - Nicole Altobello 405-522-7393
 - Nicole.altobello@okhca.org

3/5/2007



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The Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC) is a program to assist small business owners, employees and their spouses with health insurance premiums. Find out more information by visiting www.insureoklahoma.org.

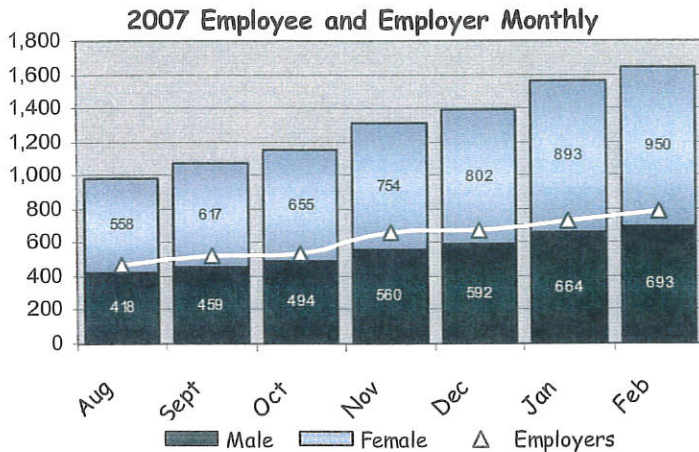
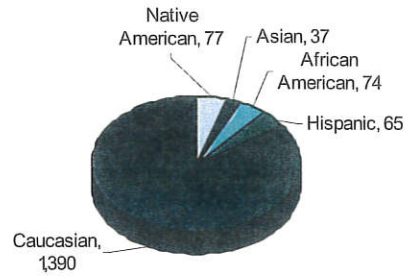
Employer Sponsored Insurance (ESI)

	Total Currently Enrolled			New Enrollment this Month		
	Male	Female	Total	Male	Female	Total
Employee	613	732	1,345	52	69	121
Spouse	80	218	298	7	22	29
Total	693	950	1,643	59	91	150

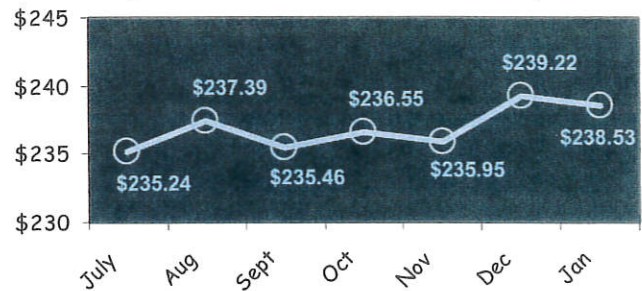
Business Activity	Current	New
	787	74

*Some approved businesses may not have any approved employees.

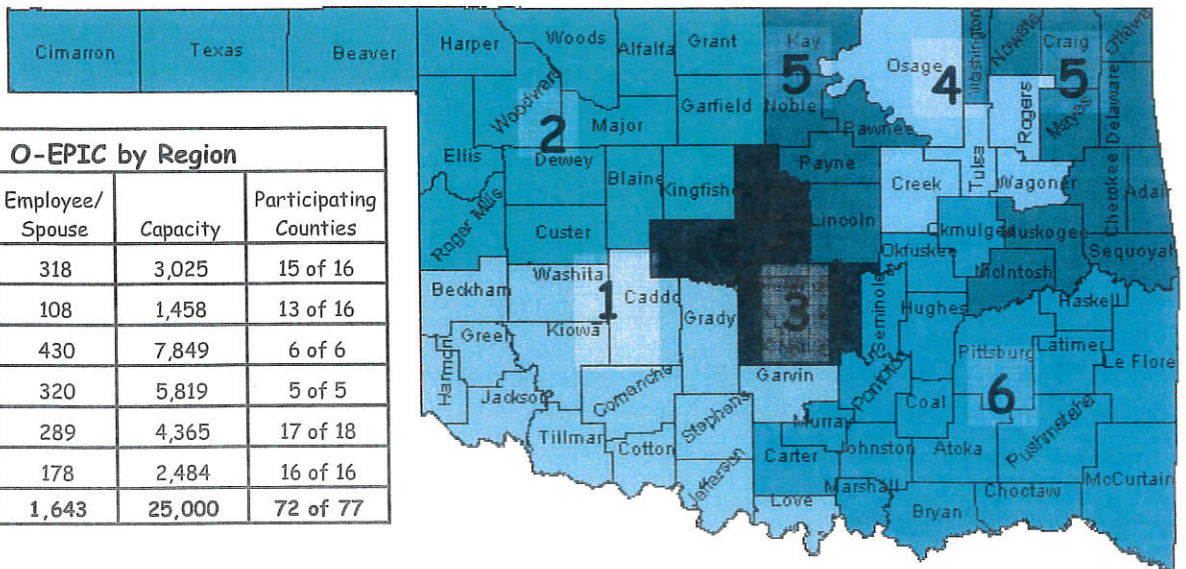
February 2007
Race Breakdown of Employees



Average OHCA Premium Assistance Payments



*Effective February 2007 OHCA Per Member Per Month reporting will be of the previous month due to semi-monthly payments verses monthly payments.



O-EPIC by Region				
	Employers	Employee/Spouse	Capacity	Participating Counties
Region 1	121	318	3,025	15 of 16
Region 2	47	108	1,458	13 of 16
Region 3	232	430	7,849	6 of 6
Region 4	179	320	5,819	5 of 5
Region 5	128	289	4,365	17 of 18
Region 6	80	178	2,484	16 of 16
Total	787	1,643	25,000	72 of 77

Data is valid as of the date of the report; any subsequent figures for this group for this time period may vary. www.insureoklahoma.org



Individual Plan (IP)

Applications are now being accepted for the second phase of the plan to provide health insurance to qualified Oklahoma citizens. The O-EPIC Premium Assistance Individual Plan (IP) enrollment officially kicked off Tuesday, January 9.

The O-EPIC IP is available to Oklahomans who fall into one of three groups: working adults who are not eligible for an O-EPIC employer-sponsored qualified health plan and work for an Oklahoma small business with 50 or fewer employees; temporarily unemployed adults who are eligible to receive unemployment benefits through the Oklahoman Employment Security Commission; or working adults with a disability who work for any size employer and have a "ticket to work."

Additional qualifications include being an Oklahoma resident, between the ages of 19 and 64, not currently enrolled in or have an open application for Medicaid or Medicare, provide proof of U.S. citizenship (or qualified alien), provide Social Security numbers for all household members, and have an annual gross household income within the qualifying guidelines.

"This new program has the potential to reach a whole new segment of Oklahoma's uninsured population. We're reaching out to those people who quite possibly may never have had the opportunity to purchase health insurance coverage," said Mike Fogarty, chief executive officer of the Oklahoma Health Care Authority.

O-EPIC IP is designed to provide Oklahoma individuals with health insurance for themselves and their spouse if needed. The employee's household income must be at or below 185 percent of the federal poverty level to participate in the program.

"We don't want people to look at the income levels and immediately assume that they make too much money to qualify. There are additional factors at play such as household size as well as some income disallowances that can work in their favor. My best advice would be to just go ahead and fill out an application," said Matt Lucas, program manager for the O-EPIC program.

Premiums for the O-EPIC IP plan are based on income with premiums for an individual ranging from \$0 to \$49.33 per month and for a couple, \$0 to \$66.44. Participants are also required to make co-payments for services, such as \$10 per office visit and \$10 for a brand prescription.

As of February 5th, there were a total of 111 pre-approved applicants for the O-EPIC Individual Plan; 32 will be effective March 1, 2007 and 79 for April 1, 2007.

For more information about the O-EPIC program or an application, call 1-888-365-3742, or visit the web site at <http://www.insureoklahoma.org>.



Oklahoma Employer/employee Partnership for Insurance Coverage

Employer Fact Sheet

Toll-Free Phone: 1-888-3-OK-EPIC (1-888-365-3742) **Web site:** <http://www.oepic.ok.gov>

What is O-EPIC?

O-EPIC is a collaborative health plan program that combines State and Federal financial resources with employer and employee contributions to provide health plan coverage for low-income working families. The Partnership provides premium support to small businesses (initially 25 employees or fewer) with workers earning below 185 percent of the federal poverty level so that the businesses can either extend health coverage to current workers OR negotiate with private carriers to begin offering health coverage. Participation in this program is voluntary. Employers and employees choose to take advantage of this benefit.

How will premium assistance benefit my business?

- Decreases the cost of health plan coverage for the employer.
- Makes it more affordable for employees to pay for health coverage.
- Improves a company's business reputation by investing in employee benefits.
- Helps attract and retain valued employees - improves morale.
- Makes health coverage more accessible to all employees.

Is my small business eligible for the O-EPIC program? Your business may be eligible to participate in O-EPIC if:

- Your business employees 25 or fewer total workers (determined at the corporate level). If your business has multiple locations or subsidiaries, the total of all employees will be used to determine eligibility.
- Your health plan meets minimum coverage requirements (e.g., physician visits, hospital, and pharmacy services). Details on components of qualified health plans are available at <http://www.oepic.ok.gov>
- You are able to contribute at least 25 percent of the employee's premium.
- You have employees who earn no more than 185 percent of the federal poverty level (about \$36,000 per year for a family of 4).

How will my business receive the premium subsidy?

It is the O-EPIC program intent that your business receives the subsidy prior to payment of your health plan premium invoice so that your monthly cash flow is not affected. Although every effort will be made to ensure this process, it is ultimately the responsibility of the business to pay the health plan premium invoice. **Please note: If your business has an outstanding unpaid balance, your participation in the O-EPIC program may be terminated.**

How long is my business eligible for the O-EPIC program and are there renewal requirements?

Each business is eligible for the O-EPIC program for a twelve month period. Participation will continue as long as premium contributions are made and coverage is provided with a qualified health plan. Businesses and employees will be required to re-apply annually or with a change to the health plan.

Can my business be disqualified or terminated from the O-EPIC program? Your business may be disqualified or terminated from the program if:

- The employer terminates its contract with the qualified health plan
- The employer fails to pay premiums to the Carrier
- The employer fails to provide an invoice verifying the monthly health plan premium has been paid
- An audit indicates a discrepancy that makes the employer ineligible
- The employer no longer has a business location in Oklahoma
- The qualified health plan or carrier no longer qualifies for O-EPIC; or
- The employer's eligibility period ends and is not renewed

How will the O-EPIC subsidy work?

If your business currently offers an employee health plan

If your business and your health plan qualify, you will receive a subsidy for eligible employees and their spouses that can be used to purchase health plan coverage.

If your business currently does not offer a health plan

If your business and your employees are eligible for participation in O-EPIC, you may purchase a commercial health plan through the private marketplace. A list of qualified plans are available at our Web site <http://www.oepic.ok.gov>.

Once you have a qualified insurance plan in place:

Your business will be required to contribute at least 25 percent of the premium costs for each eligible employee.

Eligible employees will only pay 15 percent of the premium costs, up to a maximum of 3 percent of their gross annual family income.

The O-EPIC program will pay for costs above these amounts.

Subsidy example

This example assumes:

Family of four: husband, wife, two children (Children are not eligible for O-EPIC, but may be eligible for SoonerCare. To find out, please visit <http://www.okhca.org/client/client.asp> or contact your local county Oklahoma Department of Human Services (OKDHS) office).

Annual household income: \$34,000 (which is 180 % FPL)

Monthly premiums are: \$300 for individual and \$600 for individual & spouse

Employer Premium Share Amount: \$ 75.00

Employee Premium Share Amount: \$ 85.00

O-EPIC Subsidy Amount: \$ 440.00

O-EPIC will calculate the following:

Payer	Individual	Spouse	Total
Employer	\$75	0	\$75
Employee	\$42.50	\$42.50	\$85
O-EPIC	\$180	\$260	\$440
Totals	\$300	\$300	\$600

The employer share is 25 percent of the employee premium rate of \$300 or \$75.

The employee share is 15 percent of \$600 or \$90. Since the \$90 exceeds 3 percent of the employee family income, the employee share is capped at the 3 percent figure or \$85.

The O-EPIC subsidy equals the remaining balance of \$440.

Please note: Subsidies may be delayed for outstanding balances and businesses may be terminated from the program if invoices are not received by the O-EPIC TPA.

For more detailed information about O-EPIC, please visit our Web site at <http://www.oepic.ok.gov>.

Confidentiality statement: We will not share the information you give us with anyone unless required by law. We will not sell your information. In turn, you should not share your employees' O-EPIC eligibility with anyone.

Getting Started

1. Make sure the employer meets the eligibility requirements. (see inside)
2. Contact an insurance agent. (For a list of trained agents, knowledgeable in O-EPIC, visit www.insureoklahoma.org)
3. Complete an O-EPIC business application. (www.insureoklahoma.org)
4. Upon approval, the employer will receive application information for its employees.
5. Employees must then apply and be approved.
6. Employer must send the monthly health plan invoice to O-EPIC.
7. O-EPIC will pay the premium subsidy to the employer monthly.

An example of how the O-EPIC program could work...

This example assumes:

Employee has a family of four: Husband, wife, and two children*

Annual household income: \$34,000

Monthly premiums are: \$300 for individual and \$600 for individual and spouse

Employer Premium Share Amount: \$ 75

Employee Premium Share Amount: \$ 85

O-EPIC Subsidy Amount: \$ 440

O-EPIC will calculate the following:

Payer	Individual	Spouse	Total
Employer	\$75	0	\$75
Employee	\$42.50	\$42.50	\$85
O-EPIC	\$182.50	\$257.50	\$440
Totals	\$300	\$300	\$600

The employer share is 25 percent of the employee premium rate of \$300, or \$75.

The employee share is 15 percent of \$600, or \$90. Since the \$90 exceeds 3 percent of the employee family income, the employee share is capped at the 3 percent figure, or \$85.

The O-EPIC subsidy equals the remaining balance of \$440.

*Children are not eligible for O-EPIC, but may be covered under *SoonerCare*. Please visit <http://www.okhca.org/client/client.asp> or contact your local county OKDHS office to find out.

This publication was printed and issued by the Oklahoma Health Care Authority as authorized by 65 O.S. 1991, sec. 3-110, and was funded by tobacco tax revenues deposited into the Health Employee and Economy Improvement Act Revolving fund at a cost of \$790.00 for 10,000 copies. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



Oklahoma Employer/employee Partnership for Insurance Coverage

*Citizens, small businesses,
the insurance industry,
and state government
working together to
insure Oklahomans.*

**Health Care Premium Assistance
for Employees of Small Businesses**

Health Care Premium Assistance for Employees of Small Businesses

The O-EPIC Employer Sponsored Insurance (ESI) program will pay part of the health plan premiums for eligible employees working for qualified Oklahoma small businesses (with 50 or fewer employees). Participation in this program is voluntary.

Oklahoma Small Employer

To be eligible, a business must:

- Have 50 or fewer employees.
- Be located in Oklahoma.
- Offer an O-EPIC qualified health plan.*
- Contribute at least 25 percent of premiums for eligible employees.
- Complete an O-EPIC application packet.

*For a list of qualified O-EPIC plans, please go to <http://www.insureoklahoma.org> and click on health plans.

An O-EPIC Individual Plan will be offered to people who cannot access Employer Sponsored Insurance through an employer. Enrollment begins January 9, 2007.

For an **employer enrollment packet** or a list of qualified health plans, please contact your local health insurance agent or visit our Web site at <http://www.insureoklahoma.org>

Oklahoma Employees and their Spouses

To be eligible, an employee must:

- Be between the ages of 19 and 64.
- Agree to participate in the employer's qualified health plan.
- Be an Oklahoma resident and meet citizenship guidelines.
- Have a gross annual household income at or below the annual guidelines.
- Contribute at most 15 percent of monthly premium costs (*not to exceed 3 percent of gross annual household income*).
- Contribute 15 percent of premium costs for spouses eligible for coverage.

The state pays 60 percent of employees premium costs and 85 percent of premium costs for spouses.

For more detailed program information, please visit <http://www.insureoklahoma.org>

Employees may apply for O-EPIC after the small business has been approved. For more information, please visit <http://www.insureoklahoma.org>

2006 Gross Annual Household Income Guidelines

<u>Family Size</u>	<u>Maximum Income</u>
1	\$18,130
2	\$24,420
3	\$30,710
4	\$37,000
5	\$43,290
6	\$49,580
7	\$55,870
8	\$62,160
9	\$68,450
10	\$74,740

For families larger than 10 add \$6,290 to the maximum income for each additional member.

Toll-Free: 1-888-365-3742

Fax: 1-405-949-9563

Web site: www.insureoklahoma.org



Oklahoma Health Care Authority
4545 N. Lincoln Boulevard, Suite 124
Oklahoma City, Oklahoma 73105

H.C. 3-24

Services Not Covered

Some of the most health care services are covered some others are excluded and will **not** be paid for by the plan. Excluded services include:

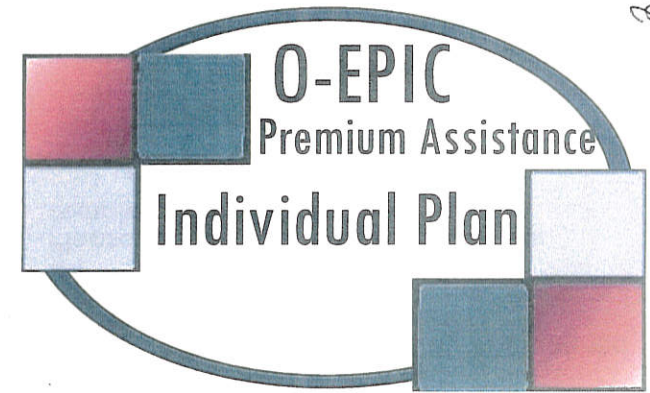
- Allergy testing and treatment
- Dental Services
- Emergency and non-emergency transportation
- Nursing home care
- Physical, speech or occupational therapy
- Transplants
- Hospice
- Hearing or vision testing and treatment

Some benefits covered by O-EPIC Individual Plan may have limits. There is an annual maximum benefit of \$15,000 for durable medical equipment and an overall lifetime benefit of \$1 million for total plan services. Office visits and prescriptions also have monthly limits (see member handbook).

NOTE: This is not a complete listing. Please refer to the member handbook or call 1-888-365-3742 with questions.

How To Enroll

Applications are available at
www.insureoklahoma.org
or call 1-888-365-3742
to have the forms mailed to you.



B-25

The Individual Plan is a health insurance option for qualified Oklahomans.



This publication was printed and issued by the Oklahoma Health Care Authority as authorized by 65 O.S. 1991, sec. 3-110, and was funded by tobacco tax revenues deposited into the Health Employee and Economy Improvement Act Revolving fund at a cost of _____ for _____ copies. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

Oklahoma Employer/employee Partnership for Insurance Coverage

O-EPIC Individual Plan

The Individual Plan is available to Oklahomans not otherwise eligible to participate in an O-EPIC employer-sponsored Qualified Health Plan.

To be eligible, individuals must be in one of the following groups:

Group one: Working adults who are not eligible for an employer-sponsored Qualified Health Plan, and work for an Oklahoma business with 50 or fewer employees.

Group two: Temporarily unemployed adults who are eligible to receive unemployment benefits through the Oklahoma Employment Security Commission (OESC).

Group three: Working adults with a disability who work for any size employer and have a ticket to work. Please call 1-888-365-3742 for details.

Toll-Free: 1-888-365-3742

TDD: 1-405-416-6848

Web site: www.insureoklahoma.org

Qualifications

In addition to being in one of the groups the person wishing to apply for the O-EPIC Individual Plan must:

- Be an Oklahoma resident
- Be between the ages of 19 and 64
- Not be currently enrolled in or have an open application for Medicaid or Medicare
- Not be eligible for enrollment in the O-EPIC employer sponsored insurance program
- Provide proof of U.S. Citizenship (or qualified alien)
- Provide Social Security numbers for all household members
- Have an annual **GROSS** household income within the eligibility guidelines

Fill out an application online or call to see if you qualify!

Toll-Free: 1-888-365-3742

TDD: 1-405-416-6848

Web site: www.insureoklahoma.org

Premiums

The monthly premium is based on annual household income. The premiums range from:

- \$0-\$49.33 for an individual
- \$0-\$66.44 for a couple

Covered Services and Co-payments

Below are some of the covered services with co-payment amounts:

Office Visit: \$10

Pharmacy Generic: \$5

Pharmacy Brand: \$10

Emergency Visit: \$30 (waived if admitted)

Hospital Inpatient Stay: \$50

Hospital Outpatient Services: \$10

All services must be medically necessary and referred by their Primary Care Provider (PCP). Some services require an additional prior authorization.

It is the member's responsibility to make the co-payment at the time of service.

Please see the member handbook for complete information.

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