FISCAL IMPACT OF PROPOSED LEGISLATION — Measure: SB 101 - B

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:
Authorizes payment for dental services under Family Health Insurance Assistance Program and under private health option of Health Care for All Oregon Children program.

Government Unit(s) Affected:
Oregon Health Authority (OHA)

Summary of Fiscal Impact:
See Analysis

Local Government Mandate:
This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:
Senate Bill 101 B-Engrossed authorizes the Oregon Health Authority (OHA) to provide dental wraparound or dental premium coverage to underinsured or uninsured children enrolled in the Family Health Insurance Assistance Program (FHIAP) and the Healthy Kids Employer Sponsored Insurance (HK ESI) option of the Health Care for All Oregon Children program.

This bill will align Oregon statutes with federal requirements. The Children's Health Insurance Program Reauthorization Act (CHIPRA) requires states to provide comprehensive dental coverage for children. Under current statutes, FHIAP and HK ESI are not authorized to offer wraparound coverage, and FHIAP is authorized to cover dental plans only when an employer requires enrollment. This bill will allow OHA to create the "Healthy Smiles" program offering two options: [1] dental wraparound coverage; or [2] funding to subsidize standalone dental plans through the individual commercial market in FHIAP or employer sponsored insurance.

OHA estimates the fiscal impact of this bill to be $799,476 Total Funds for the 2011-13 biennium ($249,975 Other Funds Provider Tax and $549,501 Federal Funds), and $1,065,968 Total Funds for the 2013-15 biennium ($333,300 Other Funds Provider Tax and $732,668 Federal Funds). The funding for this bill is within SB 5529, the budget bill for the Oregon Health Authority.

In addition, the measure directs OHA to proceed with obtaining the appropriate authorization to implement, on September 1, 2011, a new Medicaid fee schedule that is based upon the legislatively approved budget. Hospitals and fully capitated health plans (FCHPs) are required to maintain their existing contracts for inpatient/outpatient hospital services before September 1, 2011, unless there is a mutually agreed upon change to the contract. Under current practice, FCHPs do not pay contracted hospitals based on the Medicaid fee schedule. The amendment directs hospitals and FCHPs to work in good faith to negotiate a new contract in anticipation of the new Medicaid fee schedule on September 1, 2011. On or after September 1, 2011, binding arbitration may be used, if both parties agree, when a FCHP does not have a contract with a hospital that provides 10 percent or more of hospital admissions and outpatient hospital services to plan enrollees. The binding arbitration must be completed no later than December 1, 2011. Where no contract exists between a hospital and FCHP, FCHP must pay the hospital based on the percentage of Medicare cost used by OHA in calculating the base hospital capitation payment to that plan. For hospitals where 10% or more of their admissions (both inpatient and outpatient) are enrollees of that FCHP, the FCHP's payments to the hospital can be equal to four percentages below that of the rate used by OHA. If the hospitals have less than 10% of their admissions from a FCHP's enrollees, that FCHP can only deduct 2% from the percentage of Medicare used by OHA. OHA must report to the Legislature no later than February 1, 2012 the results of contracting, under the terms of this amendment, between FCHPs and hospitals. These provisions have minimal impact on OHA. The authority will use existing staff and resources to comply with these provisions.