

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4153 - A

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session  
Legislative Fiscal Office

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### Measure Description:

Establishes criteria for coordinated care organizations.

### Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS), Oregon Health Authority (OHA)

### 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:

HB 4153-A Engrossed provides legislative approval to the Oregon Health Authority (OHA) to implement the Oregon Integrated and Coordinated Care Delivery System (CCOs) created during the 2011 legislative session via HB 3650 (2011). This system integrates and replaces an existing system of managed care organizations, mental health organizations, and dental care organizations for Medicaid and Oregon Health Plan patients. The bill authorizes the Department of Consumer and Business Services and OHA to enter into agreements governing the disclosure of information. The bill requires OHA to report to an appropriate legislative committee on a quarterly basis.

### Oregon Health Authority (OHA)

Passage of HB 4153-A Engrossed is anticipated to result in savings for the Oregon Health Authority. However, at this time the savings and full fiscal impact of the bill is indeterminate. The bill provides legislative approval required under HB 3650 (2011) in order for OHA to implement the next steps to allow for Coordinate Care Organizations (CCOs). Savings realized will depend on how quickly CCOs are implemented.

OHA's legislatively adopted budget assumes savings in Medical Assistance Programs of \$239 million General Fund in the second year of the 2011-13 biennium as a result of transformation of the healthcare system. The potential cost savings generated by the policy changes in this bill are expected to constitute a portion of those anticipated savings.

In addition, without legislative approval to implement the Oregon Integrated and Coordinated Care Delivery System, OHA cannot obtain necessary federal approval of the changes to Medicaid, and cannot apply for related federal grants. However, at this time it is unknown how the changes to Medicaid will fiscally impact OHA. The Governor and OHA are in the process of working with the federal government to request funding to support healthcare transformation. The federal government has indicated support for providing financial resources to Oregon, however the exact amount is unknown at this time, and the requests for federal funding cannot be approved until the state takes legislative action to allow for the implementation of CCOs.

### Department of Consumer and Business Services (DCBS)

HB 4153-A Engrossed allows DCBS and OHA to share information for purposes of carrying out financial reporting and administration over CCOs. The bill requires OHA to designate one state agency to which CCOs will report financial information. This provision of the bill is not anticipated to have a fiscal impact on either DCBS or OHA.