FIRST, DO NO HARM!
103 Health, Public Policy & Business Organizations
Oppose HB 3309A

TO: Human Services Subcommittee Ways & Means

Co-Chairs Sen. Alan Bates and Rep. Nancy Nathanson, Senators Winters and Steiner Hayward

Representatives Freeman and Gallegos

DATE: June 10, 2013

SUBJECT: 103 health, policy, business organizations **Oppose HB 3309A**

Dear Committee Members:

We respectfully request that you *oppose* HB 3309A and choose to not advance it for a floor vote. We ask this as providers, advocates, Coordinated Care Organization participants (CCOs), community partners and consumers who are committed to transforming Oregon's health care system to a patient-centered and community-focused delivery paradigm.

HB 3309A does not just allow the removal of a CCO board member by two-thirds of fellow board members, but it also reduces the reimbursement rate to the entity represented by the removed board member to 58% of Medicare. The terminated entity would be barred from contracting with that CCO for five years. This proposed penalty has some current board members of CCO's reviewing the risks associated with board membership. If Board members drop off the CCO Boards and only continue their service contract with the CCO, it could limit the ability of the CCO board to fully represent the local community and put them in violation of ORS 414.625 (2)(o) which is required for certification of a CCO.

While the most current version of this legislation narrows the scope and duration of HB 3309, it does nothing to address its fundamental flaws. In fact, its language reveals intent to expand this detrimental policy statewide after one year. The following is a summary of our concerns with the bill.

- **It undermines local control**: The amended version is designed to target a single CCO which is experiencing governance challenges. Its passage would set a negative precedent of lawmakers inserting themselves into a local CCO conflict. The state's role should be to support CCOs in meeting the Triple Aim objectives of better quality, lower costs and better health for all -- not to act as arbiter in a parochial CCO governance dispute.
- **The measure is duplicative**: Oregon law already provides for State removal of directors of corporate boards (for-profit and non-profit), members of LLCs, and dissolution of partnerships in LLPs. CCO bylaws also have provisions to deal with problematic board members.
- **HB 3309 violates other CCO laws**: SB 568, which unanimously passed the House and Senate and was recently signed into law, extends for two years the CCO payment floor of 64% of Medicare for non-contracted providers. HB 3309 would reset that payment floor, lowering it by six points. SB 568 is a part of the overall Medicaid funding package that will bring in $1.4 billion federal matching dollars to the 2013-15 biennium in order to balance the Medicaid budget.

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Collectively, we urge you to *oppose* HB 3309A

Central Oregon Health Council (COHC)
Columbia Pacific CCO
Columbia Gorge Health Council CCO
Eastern Oregon CCO
Health Share of Oregon CCO
Jackson Care Connect CCO
PacificSource Community Solutions CCO
AARP Oregon
Advantage Dental
Albertina Kerr
Asian Pacific American Network of Oregon
Associated Oregon Industries (AOI)
Care Oregon
Causa
Central City Concern
Commissioner Tammy Baney, Deschutes, County, Chair COHC
GOBHI
Larry Mullins, Chairman, Intercommunity Health Network CCO
Mid-Valley Health Care Advocates
MODA Health (ODS)
Oregon Alliance for Children's Programs
Oregon Association of Hospitals and Health Systems
Oregon Business Association
Oregon Center for Public Policy
OSPIRG
Oregon Prevention Education and Recovery Association
Oregon Primary Care Association
Oregon Law Center
Oregon Residential Providers Association
PacificSource Health Plans
Susan Ban, Executive Director, ShelterCare
Urban League of Portland
We Can Do Better
Willamette Dental
Adventist Health NW
Adventist Medical Center
Asante Rogue Regional Medical Center
Asante Three Rivers Medical Center
Ashland Community Hospital
Bay Area Hospital
Blue Mountain Hospital
Cedar Hills Hospital
Columbia Memorial Hospital
Coquille Valley Hospital
Curry General Hospital
Good Samaritan Regional Medical Center
Good Shepherd Medical Center
Grande Ronde Hospital
Harney District Hospital
Kaiser Permanente Northwest
Kaiser Sunnyside Medical Center
Kaiser Westside Medical Center
Lake District Hospital
Legacy Health
Legacy Emanuel Medical Center
Legacy Good Samaritan Medical Center
Legacy Meridian Park Medical Center
Legacy Mount Hood Medical Center
Lower Umpqua Hospital
McKenzie-Willamette Medical Center
Mid-Columbia Medical Center
PeaceHealth Oregon Region
PeaceHealth Cottage Grove Community Hospital
PeaceHealth Peace Harbor Hospital
PeaceHealth Sacred Heart Medical Center Riverbend
PeaceHealth Sacred Heart Medical Center University
Pioneer Memorial Hospital - Heppner
Pioneer Memorial Hospital - Prineville
Providence Health & Services Oregon Region
Providence Hood River Memorial Hospital
Providence Medford Medical Center
Providence Milwaukie Hospital

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Providence Newberg Medical Center
Providence Portland Medical Center
Providence Seaside Hospital
Providence St. Vincent Medical Center
Providence Willamette Falls Medical Center
Saint Alphonsus Medical Center - Baker City
Saint Alphonsus Medical Center - Ontario
Salem Health
Salem Hospital
Samaritan Health Services
Samaritan Albany General Hospital
Samaritan Lebanon Community Hospital
Samaritan North Lincoln Hospital
Samaritan Pacific Communities Hospital
Santiam Memorial Hospital
Shriners Hospital - Portland
Silverton Health
Sky Lakes Medical Center
Southern Coos Hospital & Health Center
St. Anthony Hospital
St. Charles Health System
St. Charles Madras
St. Charles Medical Center - Bend
St. Charles Medical Center - Redmond
Tillamook County General Hospital
Tuality Healthcare
Tuality Health Alliance
Vibra Specialty Hospital
Wallowa Memorial Hospital
West Valley Hospital
Willamette Valley Medical Center

The Bulletin
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Editorial: Don’t poison state’s health care reform

Published: June 08. 2013 4:00AM PST

Oregon’s sweeping changes to Medicaid don’t stand a chance of succeeding if the Legislature doesn’t stop bad bills such as House Bill 3309. Poison pill politics and health care reform do not mix.

Gov. John Kitzhaber’s Medicaid overhaul was designed to improve health and help hold down costs of Medicaid. It has hospitals, doctor groups and other providers working together to find solutions by forming what are called “coordinated care organizations," or CCOs.

The state gives a CCO a fixed amount of money to provide Medicaid care for a region of the state. CCOs figure out how to make it work to meet targets.

When setting up a new system, there are going to be problems nobody expected. There was a process to settle disputes when a needed regional provider didn’t want to participate in a CCO. But there’s been a dispute in Salem that has highlighted that there may not be a good enough system in place to resolve disputes once a CCO is formed.

Salem Health, the parent company of the Salem Hospital, is a participant in the CCO that operates in Marion and Polk counties. Salem Health sued over reimbursement rates. It has also been unhappy about the balance of power on the board of the CCO.

We don’t know who is right or wrong in the dispute, but it could undermine the ability of the CCO to operate and provide care.

Rep. Brian Clem, D-Salem, proposed House Bill 3309. It would enable CCOs in Marion and Polk counties to petition the state to throw a member of a CCO out after a two-thirds vote of the CCO board. A removed provider would be forbidden from joining any CCO for five years and would only be able to receive severely lowered reimbursements — 58 percent of the Medicare reimbursement rate.

That would be bad for the provider and could be very bad for patients, too. The bill also contains language suggesting this same method of resolving disputes should be considered for statewide expansion.

It’s poison pill politics — similar to the sequester on the federal level. We all know how well that worked.

There’s a hearing for the bill on Monday. In its current form, it doesn’t deserve to get out of committee.