
MEMORANDUM

Legislative Fiscal Office
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To: Human Services Subcommittee of the Joint Committee on Ways and Means

From: Kim To, Legislative Fiscal Office, 503-986-1830

Date: June 17, 2013

Subject: HB 2118 Relating qualified health plans offered through the Oregon Health Exchange
Work Session Recommendation

House Bill 2118 establishes a nine-member health plan quality metrics work group charged with publishing recommendations for health outcomes and quality measures to be used by the Oregon Health Insurance Exchange (ORHIX/Cover Oregon), the Oregon Health Authority (OHA) including the Oregon Educators Benefit Board (OEBB) and the Public Employees' Benefit Board (PEBB). The work group is required to report its progress to the regular session of the 2014 Legislative Assembly, and to provide an interim committee of the Legislative Assembly with a final report by May 31, 2014.

The measure previously had hearings in the House Committee on Health Care, and the House Committee on Rules. A public hearing in this committee was held on 6/6/2013.

The original staff measure summaries and fiscal impact statement are attached to this memo, and are available on the Oregon Legislative Information System (OLIS).

Fiscal impact

The fiscal impact of this work group on the Oregon Health Authority is indeterminate at this time. Members of the work group are to be appointed from the Oregon Health Authority including from OEBB and PEBB. This fiscal assumes that membership on the work group will have a minimal expenditure impact on participating entities and that any resulting work can be absorbed with existing resources. Each affected entity will have to reprioritize duties and responsibilities of existing staff to allow participation on the task force. However, OHA predicts that the agency will be required to provide the work group with data, information and analysis to inform the work group's discussions and recommendations. If these requests for data, information and analysis are not easily culled

from existing systems with existing staff, OHA may need to return to the Emergency Board or Legislative Assembly to seek additional resources.

The amendment

The - A5 amendment exempts ORHIX/Cover Oregon from current state law requiring that certain notices be sent using certified mail. The amendment allows Cover Oregon to serve eligibility determination notices to individuals via electronic and regular first class mail. The amendment specifies conditions under which a determination notice becomes final by default, including due to failure to request a hearing, failure to appear for a hearing, or withdrawal of a hearing request. The amendment also requires Cover Oregon to allow a party up to 60 days to request a hearing seeking relief from a default order. The provisions of the - A5 amendment are anticipated to result in roughly \$236,000 in administrative and postage savings during 2013-15 biennium for Cover Oregon.

Recommendation

LFO recommends moving the - A5 amendment into the bill.

Motion

Motion: Senator/Representative _____:

I move the dash A5 amendment into HB 2118.

Recommendation

The measure as amended is recommended to be moved to the Full Committee.

Motion

Motion: Senator/Representative _____:

I move HB 2118 with the dash A5 to the Full Committee with a "do pass" recommendation as amended.

Assignment of Carriers

Full: _____

Senate: _____

House: _____

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2118**

1 On page 2 of the printed A-engrossed bill, after line 16, insert:

2 **“SECTION 2. (1) The Oregon Health Insurance Exchange Corpo-**
3 **ration may serve by regular mail or, if requested by the recipient, by**
4 **electronic mail a notice described in ORS 183.415 of the corporation’s**
5 **determination of:**

6 **“(a) A person’s eligibility to purchase or to continue to purchase a**
7 **qualified health plan through the health insurance exchange;**

8 **“(b) A person’s eligibility for a premium tax credit for purchasing**
9 **a qualified health plan or the amount of the person’s premium tax**
10 **credit; or**

11 **“(c) A person’s eligibility for cost-sharing reductions for qualified**
12 **health plans and the amount of the person’s cost-sharing reduction.**

13 **“(2) The legal presumption described in ORS 40.135 (1)(q) does not**
14 **apply to a notice that is served by regular or electronic mail in ac-**
15 **cordance with subsection (1) of this section.**

16 **“(3) Except as provided in subsection (4) of this section, a contested**
17 **case notice served in accordance with subsection (1) of this section**
18 **that complies with ORS 183.415 but for service by regular or electronic**
19 **mail becomes a final order against a party and is not subject to ORS**
20 **183.470 (2), upon the earlier of the following:**

21 **“(a) If the party fails to request a hearing, the day after the date**
22 **prescribed in the notice as the deadline for requesting a hearing.**

1 **“(b) The date the corporation or the Office of Administrative**
2 **Hearings mails an order dismissing a hearing request because:**

3 **“(A) The party withdraws the request for hearing; or**

4 **“(B) Neither the party nor the party’s representative appears on the**
5 **date and at the time set for hearing.**

6 **“(4) The corporation shall prescribe by rule a period of not less than**
7 **60 days after a notice becomes a final order under subsection (3) of this**
8 **section within which a party may request a hearing under this sub-**
9 **section. If a party requests a hearing within the period prescribed**
10 **under this subsection, the corporation shall do one of the following:**

11 **“(a) If the corporation finds that the party did not receive the**
12 **written notice and did not have actual knowledge of the notice, refer**
13 **the request for hearing to the Office of Administrative Hearings for a**
14 **contested case proceeding on the merits of the corporation’s intended**
15 **action described in the notice.**

16 **“(b) Refer the request for hearing to the Office of Administrative**
17 **Hearings for a contested case proceeding to determine whether the**
18 **party received the written notice or had actual knowledge of the no-**
19 **tice. The corporation must show that the party had actual knowledge**
20 **of the notice or that the corporation mailed the notice to the party’s**
21 **correct address or sent an electronic notice to the party’s correct**
22 **electronic mail address.**

23 **“(5) If a party informs the corporation that the party did not receive**
24 **a notice served by regular or electronic mail in accordance with sub-**
25 **section (1) of this section, the corporation shall advise the party of the**
26 **right to request a hearing under subsection (4) of this section.”.**

27 In line 17, delete “2” and insert “3”.

28 In line 19, delete “3” and insert “4”.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2118 - A5**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Kim To
Reviewed by: Linda Ames
Date: 6/14/2013

Measure Description:

Establishes a health plan quality metrics work group

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Health Insurance Exchange (ORHIX/Cover Oregon) [Public Corporation]

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:

House Bill 2118 establishes a nine-member health plan quality metrics work group charged with publishing recommendations for health outcomes and quality measures to be used by the Oregon Health Insurance Exchange (ORHIX/Cover Oregon), the Oregon Health Authority (OHA) including the Oregon Educators Benefit Board (OEBB) and the Public Employees' Benefit Board (PEBB). The work group is required to report its progress to the regular session of the 2014 Legislative Assembly, and to provide an interim committee of the Legislative Assembly with a final report by May 31, 2014.

The fiscal impact of this work group on the Oregon Health Authority is indeterminate at this time. Members of the work group are to be appointed from the Oregon Health Authority including from OEBB and PEBB. This fiscal assumes that membership on the work group will have a minimal expenditure impact on participating entities and that any resulting work can be absorbed with existing resources. Each affected entity will have to reprioritize duties and responsibilities of existing staff to allow participation on the task force. However, OHA predicts that the agency will be required to provide the work group with data, information and analysis to inform the work group's discussions and recommendations. If these requests for data, information and analysis are not easily culled from existing systems with existing staff, OHA may need to return to the Emergency Board or Legislative Assembly to seek additional resources.

The bill directs the Oregon Health Insurance Exchange to provide staff support to the work group. This fiscal assumes that the corporation will use existing staff and resources to support the work group. Note that ORHIX/Cover Oregon is a public corporation. The corporation's budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly.

The – A5 amendment exempts ORHIX/Cover Oregon from current state law requiring that certain notices be sent using certified mail. The amendment allows Cover Oregon to serve eligibility determination notices to individuals via electronic and regular first class mail. The amendment specifies conditions under which a determination notice becomes final by default, including due to failure to request a hearing, failure to appear for a hearing, or withdrawal of a hearing request. The amendment also requires Cover Oregon to allow a party up to 60 days to request a hearing seeking relief from a default order. The provisions of the – A5 amendment are anticipated to result in approximately \$236,000 in administrative and postage savings during 2013-15 biennium for Cover Oregon.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Rules
Vote:	6 - 0 - 0 - 3
Yeas:	Conger, Harker, Kennemer, Keny-Guyer, Lively, Greenlick
Nays:	0
Exc.:	0
Abs.:	Clem, Thompson, Weidner
Prepared By:	Tyler Larson, Administrator
Meeting Dates:	3/25, 4/17

WHAT THE MEASURE DOES: Requires Oregon Health Insurance Exchange (Cover Oregon) adopt by rule additional specified criteria for certifying health plans.

ISSUES DISCUSSED:

- Provisions of the bill
- Oregon Insurance Division rate review process
- Current efforts by Cover Oregon to manage quality

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 2010, the federal government enacted the Patient Protection and Affordable Care Act (ACA). The ACA aims to decrease the number of uninsured Americans and reduce the overall costs of health care. The ACA creates mandates, subsidies and tax credits to employers and individuals to improve the coverage rate. The ACA requires each state to create and maintain an insurance exchange through which to offer approved health care plans, tax credits and subsidies.

In 2011, Senate Bill 99 was enacted, establishing the Oregon Health Insurance Exchange Corporation (Cover Oregon) for the benefit of individuals and businesses to obtain health insurance coverage through the exchange.

House Bill 2118 requires Cover Oregon to adopt additional criteria for certifying health plans designed to improve outcomes and manage costs.

4/18/2013 3:12:00 PM

This summary has not been adopted or officially endorsed by action of the committee.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Without Recommendation as to Passage, but with amendments, and Be Referred to Committee on Ways and Means
Vote:	6 - 3 - 0
Yeas:	Barnhart, Dembrow, Hicks, Hoyle, Jenson, Garrett
Nays:	Berger, Hicks, Kennemer
Exc.:	0
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	5/20

WHAT THE MEASURE DOES: Creates nine-member health plan quality metrics work group consisting of: One member appointed by Executive Director of Oregon Health Insurance Exchange Corporation (Cover Oregon); one member appointed by Oregon Health Authority (OHA); one member appointed by Oregon Educators Benefit Board (OEBB); one member appointed by the Public Employees' Benefit Board (PEBB); five members appointed by the executive director of the Cover Oregon, in consultation with OHA, OEBB and the PEBB, that includes one individual with expertise in health care research, one individual with expertise in health care quality measures, one representative of insurers, one representative of consumers of health care, and one representative of a self-insured large employer. Specifies charge of work group. Requires work group to report progress to 2014 Legislative Assembly and not later than May 31, 2014 report to appropriate interim committee final report and recommendations. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Intent of health plan quality metrics work group
- Appropriate agency to have responsibility for determination of health plan quality metrics
- Alignment of health plan quality metrics
- Fiscal impact of work group

EFFECT OF COMMITTEE AMENDMENT: Replaces original measure.

BACKGROUND: In 2010, the federal government enacted the Patient Protection and Affordable Care Act (ACA). The ACA aims to decrease the number of uninsured Americans and reduce the overall costs of health care. The ACA creates mandates, subsidies and tax credits to employers and individuals to improve the coverage rate. The ACA requires each state to create and maintain an insurance exchange through which to offer approved health care plans, tax credits and subsidies.

In 2011, Senate Bill 99 was enacted, establishing the Oregon Health Insurance Exchange Corporation (Cover Oregon) for the benefit of individuals and businesses to obtain health insurance coverage through the exchange.

House Bill 2118-A creates a nine-member health plan quality metrics work group to publish recommendations for appropriate health outcomes and quality measures to be used by Cover Oregon, Oregon Health Authority, Oregon Educators Benefit Board, and Public Employees Benefit Board. The work group, to the best of its ability, will recommend measures that further the goals of the Oregon Integrated and Coordinated Health Care Delivery System while recognizing the unique needs and goals of the agencies impacted. Finally, the work group is to develop a common format for collecting consumer responses to the health quality measures and encourage the corporation, the authority and the boards to publicly report the findings. House Bill 2118-A requires the work group to report progress to the 2014 Legislative Assembly and, not later than May 31, 2014, report to the appropriate interim committee the final report and recommendations.

5/22/2013 11:19:00 AM

This summary has not been adopted or officially endorsed by action of the committee.