FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2302 - A**

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Modifies definition of "prepaid managed care health services organization." Declares emergency, effective on passage.

Government Unit(s) Affected:
Oregon Health Authority (OHA), Department of Human Services (DHS)

Summary of Expenditure Impact – Oregon Health Authority:

	2015-17 Biennium	2017-19 Biennium
Personal Services	$142,654	$142,654
Attorney General	16,500	16,500
Services & Supplies	36,594	11,996
General Fund	**$195,748**	**$171,150**
Personal Services	$142,654	$142,654
Attorney General	16,500	16,500
Services & Supplies	36,038	11,536
Federal Funds	**$195,192**	**$170,690**
TOTAL FUNDS	**$390,940**	**$341,840**

Summary of Expenditure Impact – Department of Human Services:

Positions	2	2
FTE	2.00	2.00

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 2302 changes the meaning of prepaid managed care health services organization (Section 5), and requires the Oregon Health Authority (OHA) to continue to contract with pre-paid managed care organizations under specific conditions, and repeals the sunset date for OHA to terminate contract with prepaid managed care health service organizations. The bill also removes OHA's transition period and directs OHA to facilitate full adoption of health information technology (HIT) by coordinated care organizations (CCOs) and patient-centered primary care homes (PCPCHs).

This bill is expected to have an impact of $390,940 Total Funds on OHA, and 2 positions (2.00 FTE) in shared services in the Department of Human Services. The bill changes the meaning of prepaid managed care health services organization to include managed dental care, mental health or chemical dependency organizations that contracts with OHA or with a CCO on a pre-paid capitated basis to provide health services to medical assistance recipients. This change in definition will authorize CCOs contractors or providers that receive capitated payments from a CCO to request the Personal Injury Lien program to grant them the authority to file a lien on a personal injury settlement or judgment of a customer. Currently, this authority is limited only to entities that contract directly with OHA, which in practice is limited to 16 CCOs.

The Oregon Health Authority predicts that with passage of this bill, the Personal Injury Lien program (PIL) within the Office of Payment Accuracy and Recovery (OPAR) will have a substantial increase in workload processing lien assignment requests from new entities that previously were not authorized to receive lien assignments. The personal injury lien unit will have a significant increase in Department of Justice (DOJ) expenses to implement this new requirement. DOJ guidance is needed related to rule making and resolving unanswered legal issues created by the proposed changes. The program's current DOJ expenses are approximately $33,000 per year. OHA expects that with passage of this bill, the program's DOJ fees will double, because of the initial guidance needed for startup of the new requirements and ongoing guidance because of the increased complexity resulting from the inclusions of varying CCOs contractors or providers. The program currently processes approximately 1,000 to 1,500 documents per month. OHA anticipates a 50% increase in documents received. Combined with the increased complexity of each case, it is anticipated that 2 additional full time permanent Compliance Specialist 2 positions will be needed to handle the increased work load from this bill.

DHS Office of Payment Accuracy and Recovery (OPAR) is a shared services office for DHS and OHA.

This bill requires budgetary action for the appropriation of General Fund and establishment of position authority.