

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4107 - B6

78th Oregon Legislative Assembly – 2016 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Kim To
Reviewed by: Linda Ames
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Measure Description:

Prohibits Oregon Health Authority from retroactively changing terms of contract with coordinated care organization unless specified conditions are met.

Government Unit(s) Affected:

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:

House Bill 4107 with the - B6 amendment adds the global budget paid to a coordinated care organization (CCO) as part of the requirement that the Oregon Health Authority (OHA) must give at least 60 days advance notice of any proposed amendments to existing (or to be renewed) contracts between OHA and a CCO. This change will not have a fiscal impact on OHA as it does not require the authority to incur additional cost or make changes to current policy or procedures.

In addition, House Bill 4107 stipulates that an amendment to a contract may only apply retroactively if: (1) the Centers for Medicare and Medicaid (CMS) notifies OHA in writing that the amendment is a condition for approval of the contract by CMS; or (2) if the amendment does not result in a claim by OHA for the recovery of amounts paid by OHA to a CCO prior to the effective date of the amendment. These mandates would apply to contracts between OHA and CCOs that are entered into or amended and restated on or after January 1, 2016. The bill explicitly stipulates that these mandates do not apply to amendments to contracts signed before, on or after January 1, 2016, that results in a claim by OHA for the recovery of amounts paid by OHA to a CCO for services provided by the CCO prior to January 1, 2016.

The fiscal impact of this mandate to OHA is indeterminate, but anticipated to be minimal. If OHA is unable to recoup funds paid to a CCO, but is still required to repay CMS the federal funds the state received on those non-qualifying expenditures, OHA will be required to use General Fund moneys to make those repayments.

At this time, OHA cannot predict if or when circumstances may occur in the future when a contract change is needed, and that change would require OHA to recoup payments. However, because the bill provides clear parameters for any future retroactive amendments, OHA anticipates the potential impact to be minimal.