FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2398 - 1**

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Kim To
Reviewed by: Linda Ames
Date: 3/13/2017

Measure Description:
Prohibits health care provider from billing medical assistance recipient except as provided by Oregon Health Authority by rule.

Government Unit(s) Affected:
Oregon Health Authority (OHA)

Analysis:
House Bill 2398 with the - 1 amendment requires health care providers to wait 90 days, after submitting a claim to the Oregon Health Authority (OHA) or a Coordinated Care Organization (CCO), before they can begin the process to bill an Oregon Health Plan (OHP) client directly or assign a claim over to a collection agency. The bill requires OHA and CCOs to send contested case notices, to both the patient and provider, when payment on a claim is denied based on the patient not receiving medical assistance at the time the services were provided. These requirements apply to claims for payment submitted to OHA on or after January 1, 2018. The bill also directs OHA to report to the Legislature the impact of implementing this bill on reducing improper billings to, or collections from, OHA medical assistant clients. OHA reports that the OHA Ombudsman Office currently receives approximately 10 calls per year from clients who have been billed or sent to collections for services that are covered by OHP.

For claims that remain unpaid after 90 days, the bill requires health care providers to contact OHA to confirm if a patient was eligible for OHP coverage. Because of this requirement, OHA expects passage of this bill to result in an increase in the number of providers calling OHA to confirm patient eligibility for OHP coverage. To cover this increase in call volume, the agency will need to establish one new Administrative Specialist 2 position. The cost for this new position is estimated at $125,943 Total Funds [$63,059 General Fund + 62,884 Federal Funds [and 0.75 FTE for the 18 months of the 2017-19 biennium; and $164,484 Total Funds [$82,359 General Fund + $82,125 Federal Funds] and 1.00 FTE for the 2019-21 biennium.

In addition, the bill requires OHA and CCOs to send contested case notices to both the patient and the provider, if a claim is denied based on the determination the client was not eligible for medical assistance at the time those services were provided. In contested case hearings, all correspondences must be sent by certified mail. OHA must be represented by an attorney from the Department of Justice and the hearing is presided over by and administrative court judge. At this time, the budget impact of this requirement is indeterminant, depending on the number of cases, the length of hearings, and the complexity of the cases.

Furthermore, OHA will incur costs related to capturing patient addresses and tracking the mailing of denial notices to patients. Currently, denial notices are only sent to providers because OHA does not have information for patients who are not on the health plan. To comply with notification requirements of this bill, OHA will need to establish a process for identifying these patients and obtaining their addresses. Note that if mail is delivered to a wrong address or to an address that is no longer valid, OHA would incur fines for being in violation of Health Insurance Portability and Accountability Act (HIPAA) privacy regulations.