

A-Engrossed
Senate Bill 233

Ordered by the Senate April 24
Including Senate Amendments dated April 24

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires Oregon Health Authority to make publicly available specified information regarding payments to coordinated care organizations. Specifies criteria and procedures for establishment of global budgets. Provides review by Department of Consumer and Business Services of global budget established by authority.

Requires department to implement procedures for reviewing de novo global budget determination appealed to department by coordinated care organization.

A BILL FOR AN ACT

1
2 Relating to coordinated care organizations.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 4 of this 2017 Act are added to and made a part of ORS chapter**
5 **413.**

6 **SECTION 2. As used in sections 2 to 4 of this 2017 Act:**

7 (1) "Actuarially sound" means the method for establishing a global budget has taken into
8 account all reasonable, appropriate and attainable costs under the terms of a coordinated
9 care organization contract.

10 (2) "Community benefit initiatives" means innovative programs or projects that benefit
11 the health of the community, including but not limited to investments in health care man-
12 agement capabilities and increasing the capacity of the provider networks to serve the health
13 care needs of the community.

14 (3) "Eligibility categories" means the bases on which members of a coordinated care or-
15 ganization qualify for medical assistance.

16 (4) "Flexible services" means services that are provided in lieu of or as an adjunct to
17 covered services, such as items or services that address the social determinants of health.

18 (5) "Social determinants of health" means the conditions in which individuals are born,
19 grow, live, work and age, including but not limited to food, safe housing, economic opportu-
20 nities, health care, transportation and education.

21 **SECTION 3. (1) It is the intent of the Legislative Assembly that the expenditures of the**
22 **Oregon Health Authority in administering the medical assistance program and the manner**
23 **in which the authority establishes global budgets for coordinated care organizations be fully**
24 **transparent and available to the public at all times.**

25 (2) The authority shall make readily available to the public the following information:

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) All documentation submitted to the Centers for Medicare and Medicaid Services in
2 seeking federal approval of global budgets for coordinated care organizations.

3 (b) All documents, financial data and health care utilization data considered by the au-
4 thority in calculating global budgets for coordinated care organizations, including but not
5 limited to the average utilization of each category of service per 1,000 members of the coor-
6 dinated care organization, broken down by the geographic regions and eligibility categories
7 of the members.

8 (3) The authority shall use accurate and uniform standards for measuring and reporting,
9 to the public, to the Legislative Assembly and to the Centers for Medicare and Medicaid
10 Services, medical loss ratios, administrative costs and earnings.

11 (4) The data and documents described in this section may not be considered a trade se-
12 cret under ORS 192.501.

13 **SECTION 4.** (1) The Oregon Health Authority shall determine the health services to be
14 provided by a coordinated care organization prior to establishing the global budget for the
15 coordinated care organization. The determination shall be made no more than once every
16 12-month period, unless changes are required by federal law or court order.

17 (2) In establishing the global budget for a coordinated care organization for a calendar
18 year, the authority:

19 (a) Shall use a single risk score statewide;

20 (b) Shall include funding for clearly identified flexible services;

21 (c) May not deduct for quality bonus funds received or quality expenditures made by a
22 coordinated care organization;

23 (d) Shall not make line item adjustments to a coordinated care organization's reported
24 expenses for medical care, flexible services or administration;

25 (e) Shall adopt and apply a uniform percentage of revenue in determining administrative
26 expenses for all coordinated care organizations; and

27 (f) Shall take into account the coordinated care organization's:

28 (A) Costs incurred, expenditures and reinvestment of savings into:

29 (i) Providing health services; and

30 (ii) Providing flexible services, community benefit initiatives and other means of ad-
31 dressing the social determinants of health; and

32 (B) Financial arrangements that do not allow a coordinated care organization the op-
33 portunity to understate its earnings or reserves.

34 (3) The data reporting requirements established by the authority for coordinated care
35 organizations must be uniform and sufficiently detailed to allow for comparisons of the data
36 between coordinated care organizations and must include the information required by section
37 3 of this 2017 Act.

38 (4) The authority shall provide to each coordinated care organization, no later than Oc-
39 tober 1 of each calendar year, the specific requirements and outcomes that the coordinated
40 care organization must satisfy in order to qualify for incentive payments in the following
41 calendar year.

42 (5) The authority's actuary must certify that the final global budget for each coordinated
43 care organization is actuarially sound for each rate cell and publicly document the underlying
44 data, assumptions and methodologies used in doing so.

45 (6) A coordinated care organization may contest the final global budget established for

1 the coordinated care organization by filing an appeal with the Department of Consumer and
2 Business Services in accordance with section 5 of this 2017 Act. The coordinated care or-
3 ganization may seek judicial review in accordance with ORS 183.480 to dispute a global budget
4 established by the authority following remand by the department under section 5 (3) of this
5 2017 Act.

6 **SECTION 5.** (1) As used in this section, “actuarially sound” has the meaning given that
7 term in section 2 of this 2017 Act.

8 (2) The Department of Consumer and Business Services shall implement procedures,
9 consistent with ORS chapter 183, for the review of an appeal filed by a coordinated care or-
10 ganization under section 4 (6) of this 2017 Act. The review shall be de novo and shall consider,
11 upon the request of the coordinated care organization:

12 (a) Whether the Oregon Health Authority complied with the provisions of section 4 of
13 this 2017 Act; and

14 (b) Whether the underlying data, assumptions and methodologies used by the authority’s
15 actuary support an actuarially sound global budget of each coordinated care organization.

16 (3) The department shall accept, reject or modify any portion of the global budget or re-
17 mand the issue to the authority with orders to modify the rate setting process to ensure an
18 actuarially sound global budget.

19 (4) The department shall impose a fee on the nonprevailing party in a review conducted
20 under this section. The fee shall be equal to the costs of the department in conducting the
21 review.

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