FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: SB 1549 - B**

79th Oregon Legislative Assembly – 2018 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Kim To
Reviewed by: Linda Ames, Matt Stayner
Date: 2/23/2018

Measure Description:
Requires continuation of medical assistance for specified period following admission to state hospital.

Government Unit(s) Affected:
Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS)

Summary of Expenditure Impact:
Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:
SB 1549 allows the Department of Human Services (DHS) and the Oregon Health Authority (OHA) to continue the medical assistance of a person, who is otherwise eligible but for admittance to a state hospital, until the person's recertification date or until twelve months after the person is admitted to the state hospital, whichever is earlier.

In addition, the bill requires insurers offering a health benefit plan (HBP) and health care service contractors to reimburse an out-of-network provider for emergency services or other covered services provided at an in-network facility, by the out-of-network provider in an amount established in administrative rule by the Department of Consumer and Business Services (DCBS). The bill specifies that the reimbursement paid to providers must equal to the median allowed amount paid to in-network health care providers by commercial insurers in Oregon based on 2015-year data derived from the All-Payer, All-Claims (APAC) database, adjusted for inflation. The bill authorizes DCBS to adjust the amount of reimbursement rate based on geographic areas.

DCBS is required to submit a report to an interim legislative committee by July 1, 2020. The report must include:

- All complaints to DCBS and the medical boards before and after March 1, 2018.
- The adequacy of provider networks after January 1, 2019.
- The impact on premiums before and after March 1, 2018.
- Recommendations regarding methods of assuring compliance by insurers and health care service contractors with the provisions of this bill.

These reporting requirement sunsets January 2, 2021.

Oregon Health Authority (OHA)

The fiscal impact of this bill on OHA is indeterminate. Currently, federal law prohibits institutions for mental disease (IMDs) from receiving federal fund participation (FFP) for Medicaid services. IMD exclusion pertains to the availability of FFP, but states are still permitted to maintain some type of continuous eligibility or enrollment to facilitate continuity of care. However, current state law requires OHA to suspend a patient's Medicaid enrollment for the duration of their stay at Oregon State Hospital (OSH). Therefore, patients are deemed ineligible for Medicaid when they are admitted to OSH, and are subsequently disenrolled. Due to this automatic ineligibility and disenrollment from Medicaid, OSH cannot demonstrate these patients were enrolled in a qualifying program. Passage of this bill would allow OHA to stop the practice of suspending health care coverage for individual patients and would allow OHA to maintain eligibility for the patient for the duration of the stay.

Claims submitted would return a rejection that would indicate the facility is ineligible for Medicaid payment - satisfying the IMD exclusion, but allowing OSH to demonstrate continuous enrollment for the purposes of billing secondary payers that require evidence that the facility attempted to bill the state but was rejected due to the patient's admission in an IMD. In addition, continued Medicaid enrollment would ensure that patients are not penalized or fined for not having health insurance.

In addition to facilitating continuity of care, changes proposed by this bill are anticipated to allow OSH to collect Other Funds to help achieve the OSH revenue package goals adopted in the 2017-19 legislatively adopted budget by providing supporting documentation for dual-eligible bad debt and to receive a portion of that uncompensated care from Medicare. However, this anticipated Other Funds revenues cannot be projected until OSH works with Medicare, Medicaid, coordinated care organizations, and other stakeholders to finalize federal and state policy considerations, system changes, and other implementation decisions.

At this time, due to lack of data to determine the median reimbursement for applicable out-of-network services, the fiscal impact of prohibiting balance billing on the Public Employees Benefits Board (PEBB) and the Oregon Educators Benefit Board (OEBB) premium rates cannot be projected.

Note that any proposed legislation resulting in a fiscal impact on insurance premiums provided by OEBB will impact any educational entity that has mandated or elective coverage under OEBB. This includes school districts, community colleges, education service districts and some charter schools.

Correspondingly, that any proposed legislation resulting in a fiscal impact on insurance premiums provided by PEBB will have a General Fund impact on state agencies because about 40% to 45% of PEBB premium resources come from state agencies' flexible benefits payroll General Fund budget.

In addition, OEBB and PEBB are required to keep premiums at a 3.4% or lower increase. Legislation that increase premiums may require a reduction in other benefits or increase in member cost sharing to meet the 3.4% cap.

Department of Consumer and Business Services (DCBS)

This bill is anticipated to have minimal fiscal impact on DCBS. DCBS will use existing staff and resources to conduct rulemaking, and to establish and lead stakeholder advisory groups, as well as to comply with reporting requirements.