HB 4018-2
(LC 25)
2/5/18 (LHF/ps)

Requested by HOUSE COMMITTEE ON HEALTH CARE

PROPOSED AMENDMENTS TO
HOUSE BILL 4018

1 On page 1 of the printed bill, line 5, delete "Section 2 of this 2018 Act
2 is" and insert "Sections 2 to 4 of this 2018 Act are".
3 Delete lines 8 through 28 and delete pages 2 through 6 and insert:
4 **"SECTION 3. (1) The Coordinated Care Organization Escrow Fund
5 is established in the State Treasury, separate and distinct from the
6 General Fund, consisting of moneys paid to the Oregon Health Au-
7 thority by coordinated care organizations in accordance with section
8 4 of this 2018 Act. Moneys in the Coordinated Care Organization
9 Escrow Fund are continuously appropriated to the authority for the
10 purposes described in section 4 of this 2018 Act.**
11 **"(2) Each coordinated care organization that contracts with the
12 authority shall have a designated subaccount within the fund. Inter-
13 est earned by each subaccount in the fund shall be credited to the
14 subaccount.**
15 **"SECTION 4. (1) A coordinated care organization shall pay to the
16 Oregon Health Authority an amount equal to $250,000 plus an amount
17 equal to 50 percent of the coordinated care organization's total actual
18 or projected liabilities above $250,000. The authority shall deposit the
19 payment in the coordinated care organization's designated subaccount
20 in the Coordinated Care Organization Escrow Fund established in
21 section 3 of this 2018 Act. The amounts held in the subaccount shall**

be adjusted, at intervals determined by the authority, to reflect the coordinated care organization's current liabilities by additional payments to the authority by the coordinated care organization or by refunds to the coordinated care organization by the authority.

"(2) Upon the termination of a contract between a coordinated care organization and the authority or upon the insolvency of a coordinated care organization, moneys in the coordinated care organization's designated subaccount in the Coordinated Care Organization Escrow Fund shall be:

"(a) Paid first to resolve outstanding claims by providers and vendors against the terminated or insolvent coordinated care organization; and

"(b)(A) Allocated on a per capita basis to each coordinated care organization to which a member of the terminated or insolvent coordinated care organization is transferred; or

"(B) If a member of the terminated or insolvent coordinated care organization will receive services paid on a fee-for-service basis, retained in the Coordinated Care Organization Escrow Fund until the member is enrolled in a coordinated care organization, at which time the per capita allocation for that member will be transferred to the receiving coordinated care organization.

"SECTION 5. ORS 414.625 is amended to read:

"414.625. (1) The Oregon Health Authority shall adopt by rule the qualification criteria and requirements for a coordinated care organization and shall integrate the criteria and requirements into each contract with a coordinated care organization. Coordinated care organizations may be local, community-based organizations or statewide organizations with community-based participation in governance or any combination of the two. Coordinated care organizations may contract with counties or with other public or private entities to provide services to members. [*The authority may not con-*

tract with only one statewide organization.] A coordinated care organization may be a single corporate structure or a network of providers organized through contractual relationships. The criteria **and requirements** adopted by the authority under this section must include, but are not limited to, **a requirement that** the coordinated care [*organization's demonstrated experience and capacity for*] **organization**:

"(a) **Have demonstrated experience and a capacity for** managing financial risk and establishing financial reserves.

"(b) [*Meeting*] **Meet** the following minimum financial requirements:

"(A) [*Maintaining restricted reserves of $250,000 plus an amount equal to 50 percent of the coordinated care organization's total actual or projected liabilities above $250,000*] **Comply with section 4 of this 2018 Act**.

"(B) [*Maintaining*] **Maintain** a net worth in an amount equal to at least five percent of the average combined revenue in the prior two quarters of the participating health care entities.

"**(C) Expend a portion of the annual net income of the coordinated care organization that exceeds the financial requirements specified in this paragraph on services designed to address health disparities and the social determinants of health consistent with the coordinated care organization's community health improvement plan and transformation plan and the terms and conditions of the Medicaid demonstration project under section 1115 of the Social Security Act (42 U.S.C. 1315).**

"(c) [*Operating*] **Operate** within a fixed global budget and, by January 1, 2023, [*spending*] **spend** on primary care, as defined in section 2, chapter 575, Oregon Laws 2015, at least 12 percent of the coordinated care organization's total expenditures for physical and mental health care provided to members, except for expenditures on prescription drugs, vision care and dental care.

"(d) [*Developing and implementing*] **Develop and implement** alternative payment methodologies that are based on health care quality and improved health outcomes.

"(e) [*Coordinating*] **Coordinate** the delivery of physical health care, mental health and chemical dependency services, oral health care and covered long-term care services.

"(f) [*Engaging*] **Engage** community members and health care providers in improving the health of the community and addressing regional, cultural, socioeconomic and racial disparities in health care that exist among the coordinated care organization's members and in the coordinated care organization's community.

"(2) In addition to the criteria **and requirements** specified in subsection (1) of this section, the authority must adopt by rule requirements for coordinated care organizations contracting with the authority so that:

"(a) Each member of the coordinated care organization receives integrated person centered care and services designed to provide choice, independence and dignity.

"(b) Each member has a consistent and stable relationship with a care team that is responsible for comprehensive care management and service delivery.

"(c) The supportive and therapeutic needs of each member are addressed in a holistic fashion, using patient centered primary care homes, behavioral health homes or other models that support patient centered primary care and behavioral health care and individualized care plans to the extent feasible.

"(d) Members receive comprehensive transitional care, including appropriate follow-up, when entering and leaving an acute care facility or a long term care setting.

"(e) Members receive assistance in navigating the health care delivery system and in accessing community and social support services and statewide resources, including through the use of certified health care interpreters and qualified health care interpreters, as those terms are defined in ORS 413.550.

"(f) Services and supports are geographically located as close to where members reside as possible and are, if available, offered in nontraditional

1 settings that are accessible to families, diverse communities and underserved
2 populations.
3 "(g) Each coordinated care organization uses health information technol-
4 ogy to link services and care providers across the continuum of care to the
5 greatest extent practicable and if financially viable.
6 "(h) Each coordinated care organization complies with the safeguards for
7 members described in ORS 414.635.
8 "(i) Each coordinated care organization convenes a community advisory
9 council that meets the criteria specified in ORS 414.627.
10 "(j) Each coordinated care organization prioritizes working with members
11 who have high health care needs, multiple chronic conditions, mental illness
12 or chemical dependency and involves those members in accessing and man-
13 aging appropriate preventive, health, remedial and supportive care and ser-
14 vices, including the services described in ORS 414.766, to reduce the use of
15 avoidable emergency room visits and hospital admissions.
16 "(k) Members have a choice of providers within the coordinated care
17 organization's network and that providers participating in a coordinated care
18 organization:
19 "(A) Work together to develop best practices for care and service delivery
20 to reduce waste and improve the health and well-being of members.
21 "(B) Are educated about the integrated approach and how to access and
22 communicate within the integrated system about a patient's treatment plan
23 and health history.
24 "(C) Emphasize prevention, healthy lifestyle choices, evidence-based
25 practices, shared decision-making and communication.
26 "(D) Are permitted to participate in the networks of multiple coordinated
27 care organizations.
28 "(E) Include providers of specialty care.
29 "(F) Are selected by coordinated care organizations using universal ap-
30 plication and credentialing procedures and objective quality information and

1 are removed if the providers fail to meet objective quality standards.

2 "(G) Work together to develop best practices for culturally appropriate
3 care and service delivery to reduce waste, reduce health disparities and im-
4 prove the health and well-being of members.

5 "(L) Each coordinated care organization reports on outcome and quality
6 measures adopted under ORS 414.638 and participates in the health care data
7 reporting system established in ORS 442.464 and 442.466.

8 "(m) Each coordinated care organization uses best practices in the man-
9 agement of finances, contracts, claims processing, payment functions and
10 provider networks.

11 "(n) Each coordinated care organization participates in the learning
12 collaborative described in ORS 413.259 (3).

13 "(o) Each coordinated care organization has a governing body [*of which*
14 *a majority of the members are persons that share in the financial risk of the*
15 *organization and*] that includes:

16 "**(A) At least one member representing persons that share in the**
17 **financial risk of the organization;**

18 "[*(A)*] **(B)** A representative of a dental care organization selected by the
19 coordinated care organization;

20 "[*(B)*] **(C)** The major components of the health care delivery system;

21 "[*(C)*] **(D)** At least two health care providers in active practice, including:

22 "(i) A physician licensed under ORS chapter 677 or a nurse practitioner
23 certified under ORS 678.375, whose area of practice is primary care; and

24 "(ii) A mental health or chemical dependency treatment provider;

25 "[*(D)*] **(E)** At least two members from the community at large, to ensure
26 that the organization's decision-making is consistent with the values of the
27 members and the community; and

28 "[*(E)*] **(F)** At least one member of the community advisory council.

29 "(p) Each coordinated care organization's governing body establishes
30 standards for publicizing the activities of the coordinated care organization

and the organization's community advisory councils, as necessary, to keep the community informed.

"(3) The authority shall consider the participation of area agencies and other nonprofit agencies in the configuration of coordinated care organizations.

"(4) In selecting one or more coordinated care organizations to serve a geographic area, the authority shall:

"(a) For members and potential members, optimize access to care and choice of providers;

"(b) For providers, optimize choice in contracting with coordinated care organizations; and

"(c) Allow more than one coordinated care organization to serve the geographic area if necessary to optimize access and choice under this subsection.

"(5) [*On or before July 1, 2014,*] Each coordinated care organization must have a formal contractual relationship with any dental care organization that serves members of the coordinated care organization in the area where they reside.

"SECTION 6. ORS 414.625, as amended by section 14, chapter 489, Oregon Laws 2017, is amended to read:

"414.625. (1) The Oregon Health Authority shall adopt by rule the qualification criteria and requirements for a coordinated care organization and shall integrate the criteria and requirements into each contract with a coordinated care organization. Coordinated care organizations may be local, community-based organizations or statewide organizations with community-based participation in governance or any combination of the two. Coordinated care organizations may contract with counties or with other public or private entities to provide services to members. [*The authority may not contract with only one statewide organization.*] A coordinated care organization may be a single corporate structure or a network of providers organized

1 through contractual relationships. The criteria **and requirements** adopted
2 by the authority under this section must include, but are not limited to, **a**
3 **requirement that** the coordinated care [*organization's demonstrated experi-*
4 *ence and capacity for*] **organization**:

5 "(a) **Have demonstrated experience and a capacity for** managing fi-
6 nancial risk and establishing financial reserves.

7 "(b) [*Meeting*] **Meet** the following minimum financial requirements:

8 "(A) [*Maintaining restricted reserves of $250,000 plus an amount equal to*
9 *50 percent of the coordinated care organization's total actual or projected li-*
10 *abilities above $250,000*] **Comply with section 4 of this 2018 Act**.

11 "(B) [*Maintaining*] **Maintain** a net worth in an amount equal to at least
12 five percent of the average combined revenue in the prior two quarters of the
13 participating health care entities.

14 "**(C) Expend a portion of the annual net income of the coordinated**
15 **care organization that exceeds the financial requirements specified in**
16 **this paragraph on services designed to address health disparities and**
17 **the social determinants of health consistent with the coordinated care**
18 **organization's community health improvement plan and transforma-**
19 **tion plan and the terms and conditions of the Medicaid demonstration**
20 **project under section 1115 of the Social Security Act (42 U.S.C. 1315).**

21 "(c) [*Operating*] **Operate** within a fixed global budget and [*spending*]
22 **spend** on primary care, as defined by the authority by rule, at least 12 per-
23 cent of the coordinated care organization's total expenditures for physical
24 and mental health care provided to members, except for expenditures on
25 prescription drugs, vision care and dental care.

26 "(d) [*Developing and implementing*] **Develop and implement** alternative
27 payment methodologies that are based on health care quality and improved
28 health outcomes.

29 "(e) [*Coordinating*] **Coordinate** the delivery of physical health care,
30 mental health and chemical dependency services, oral health care and cov-

ered long-term care services.

"(f) [*Engaging*] **Engage** community members and health care providers in improving the health of the community and addressing regional, cultural, socioeconomic and racial disparities in health care that exist among the coordinated care organization's members and in the coordinated care organization's community.

"(2) In addition to the criteria **and requirements** specified in subsection (1) of this section, the authority must adopt by rule requirements for coordinated care organizations contracting with the authority so that:

"(a) Each member of the coordinated care organization receives integrated person centered care and services designed to provide choice, independence and dignity.

"(b) Each member has a consistent and stable relationship with a care team that is responsible for comprehensive care management and service delivery.

"(c) The supportive and therapeutic needs of each member are addressed in a holistic fashion, using patient centered primary care homes, behavioral health homes or other models that support patient centered primary care and behavioral health care and individualized care plans to the extent feasible.

"(d) Members receive comprehensive transitional care, including appropriate follow-up, when entering and leaving an acute care facility or a long term care setting.

"(e) Members receive assistance in navigating the health care delivery system and in accessing community and social support services and statewide resources, including through the use of certified health care interpreters and qualified health care interpreters, as those terms are defined in ORS 413.550.

"(f) Services and supports are geographically located as close to where members reside as possible and are, if available, offered in nontraditional settings that are accessible to families, diverse communities and underserved populations.

1 “(g) Each coordinated care organization uses health information technol-
2 ogy to link services and care providers across the continuum of care to the
3 greatest extent practicable and if financially viable.
4 “(h) Each coordinated care organization complies with the safeguards for
5 members described in ORS 414.635.
6 “(i) Each coordinated care organization convenes a community advisory
7 council that meets the criteria specified in ORS 414.627.
8 “(j) Each coordinated care organization prioritizes working with members
9 who have high health care needs, multiple chronic conditions, mental illness
10 or chemical dependency and involves those members in accessing and man-
11 aging appropriate preventive, health, remedial and supportive care and ser-
12 vices, including the services described in ORS 414.766, to reduce the use of
13 avoidable emergency room visits and hospital admissions.
14 “(k) Members have a choice of providers within the coordinated care
15 organization’s network and that providers participating in a coordinated care
16 organization:
17 “(A) Work together to develop best practices for care and service delivery
18 to reduce waste and improve the health and well-being of members.
19 “(B) Are educated about the integrated approach and how to access and
20 communicate within the integrated system about a patient’s treatment plan
21 and health history.
22 “(C) Emphasize prevention, healthy lifestyle choices, evidence-based
23 practices, shared decision-making and communication.
24 “(D) Are permitted to participate in the networks of multiple coordinated
25 care organizations.
26 “(E) Include providers of specialty care.
27 “(F) Are selected by coordinated care organizations using universal ap-
28 plication and credentialing procedures and objective quality information and
29 are removed if the providers fail to meet objective quality standards.
30 “(G) Work together to develop best practices for culturally appropriate

care and service delivery to reduce waste, reduce health disparities and improve the health and well-being of members.

"(L) Each coordinated care organization reports on outcome and quality measures adopted under ORS 414.638 and participates in the health care data reporting system established in ORS 442.464 and 442.466.

"(m) Each coordinated care organization uses best practices in the management of finances, contracts, claims processing, payment functions and provider networks.

"(n) Each coordinated care organization participates in the learning collaborative described in ORS 413.259 (3).

"(o) Each coordinated care organization has a governing body [*of which a majority of the members are persons that share in the financial risk of the organization and*] that includes:

"**(A) At least one member representing persons that share in the financial risk of the organization;**

"[*(A)*] **(B)** A representative of a dental care organization selected by the coordinated care organization;

"[*(B)*] **(C)** The major components of the health care delivery system;

"[*(C)*] **(D)** At least two health care providers in active practice, including:

"(i) A physician licensed under ORS chapter 677 or a nurse practitioner certified under ORS 678.375, whose area of practice is primary care; and

"(ii) A mental health or chemical dependency treatment provider;

"[*(D)*] **(E)** At least two members from the community at large, to ensure that the organization's decision-making is consistent with the values of the members and the community; and

"[*(E)*] **(F)** At least one member of the community advisory council.

"(p) Each coordinated care organization's governing body establishes standards for publicizing the activities of the coordinated care organization and the organization's community advisory councils, as necessary, to keep the community informed.

"(3) The authority shall consider the participation of area agencies and other nonprofit agencies in the configuration of coordinated care organizations.

"(4) In selecting one or more coordinated care organizations to serve a geographic area, the authority shall:

"(a) For members and potential members, optimize access to care and choice of providers;

"(b) For providers, optimize choice in contracting with coordinated care organizations; and

"(c) Allow more than one coordinated care organization to serve the geographic area if necessary to optimize access and choice under this subsection.

"(5) [*On or before July 1, 2014,*] Each coordinated care organization must have a formal contractual relationship with any dental care organization that serves members of the coordinated care organization in the area where they reside.

"SECTION 7. This 2018 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2018 Act takes effect on its passage.".