

Legislative Fiscal Office

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer



Joint Committee on Ways and Means

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Human Services Subcommittee

From: Tom MacDonald, Legislative Fiscal Office

Date: February 12, 2019

Subject: HB 2010 – Relating to funding to improve access to health care
Work Session Recommendations

House Bill 2010 extends the sunset dates for Diagnostic Related Group and rural type A/B hospital assessments, insurance and managed care premium assessments, and the Oregon Reinsurance Program. The bill also increases the insurance and managed care premium assessment from 1.5% to 2% and expands this assessment to include stop-loss insurance. The measure specifies that the 2% assessment on premiums received by the Public Employees' Benefit Board (PEBB) is excluded from determining the 3.4% annual increase in per-member PEBB expenditures.

For the 2019-21 biennium, the changes related to the insurance and managed care assessments are expected to result in additional Other Funds revenue of \$334.5 million. Of this amount, \$281 million will be available to support expenditures for the Oregon Health Plan (OHP) after accounting for the revenue needed to support the Oregon Reinsurance Program and repay coordinated care organizations (CCOs) for their costs of the managed care assessment. The bill's revenue impact does not include \$98 million anticipated to be available for OHP through changes to the hospital assessment and CCO rate structure because those changes are done administratively under current law, subject to federal approval. When taken together, the \$281 million in net revenue available under the bill, plus the anticipated \$98 million from hospital and CCO rate changes authorized under current law, will result in \$379 million available to support OHP in 2019-21.

The budget adjustments related to the revenue changes for OHP will be made in the Oregon Health Authority's budget bill (HB 5525). Likewise, any expenditure limitation adjustments needed by the Department of Consumer and Business Services are expected to be included in the department's budget bill (HB 5011).

The House Committee on Health Care previously held a hearing on this measure on February 7, 2019.

The -3 amendment increases the minimum net reimbursement level the Oregon Health and Sciences University receives for providing Medicaid services from 84% to 87% of the university's costs of providing these services. The amendment authorizes the increase to 87% for the period of July 1, 2019 to July 1, 2025. This change is consistent with the existing reimbursement level provided by OHA and does not result in an anticipated fiscal impact for 2019-21.

Recommended Changes

LFO recommends adoption of the -3 amendment.

MOTION: I move adoption of the -3 amendment to HB 2010. (VOTE)

Final Subcommittee Action

LFO recommends that HB 2010, as amended by the -3 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move HB 2010, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____