

HB 2010 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Tom MacDonald, Budget Analyst

Meeting Dates: 2/12, 2/15

WHAT THE MEASURE DOES:

Extends the Oregon Reinsurance Program to January 2, 2028 and authorizes the Department of Consumer and Business Services (DCBS) to request extension of the federal waiver for state innovation. Authorizes DCBS to change the attachment point or coinsurance rate for the program under specified conditions.

Increases from 1.5% to 2% the assessment on health plan premiums, premium equivalents received by the Public Employees' Benefit Board (PEBB), and payments made to managed care organizations by the Oregon Health Authority. Includes stop-loss insurance coverage as subject to the 2% assessment. Extends the sunset on these assessments to December 31, 2026. Excludes the 2% PEBB assessment from determining the 3.4% annual increase in per-member expenditures for health services. Extends hospital assessments to September 30, 2025.

ISSUES DISCUSSED:

- Recommended and proposed amendments
- Potential impact on insurance premiums

EFFECT OF AMENDMENT:

Increases the minimum net reimbursement level the Oregon Health and Science University receives for providing Medicaid services from 84% to 87% of the university's costs of providing these services for the period of July 1, 2019 to July 1, 2025.

BACKGROUND:

Health care services covered under Medicaid are funded through a joint federal-state partnership in which the federal government provides funding by matching each state's contribution to the program. Under certain federal requirements, states have the flexibility to determine the sources of revenue used to meet their share of non-federal Medicaid spending, including the use of assessments on health care providers. Federal law allows various categories of health care providers to be subject to such assessments, including, for example, hospitals, nursing facilities, intermediate care facilities, and ambulatory services. Currently, every state except Alaska uses at least one type of provider assessment.

Since 2003, Oregon has used provider assessments to help cover the state's share of Medicaid services and certain hospital initiatives provided through the Oregon Health Plan, as well as Medicaid-eligible long-term nursing services supported in the Department of Human Services budget. Although the assessments to help fund the Oregon Health Plan have taken multiple forms over the years, an assessment on net-patient revenue from Diagnostic Related Group (DRG) hospitals has consistently remained part of Oregon's approach to provider assessments.

The adoption of House Bill 2391 in 2017 expanded Oregon's use of provider assessments to include an assessment on rural type A/B hospitals and a 1.5% assessment on health insurance premiums. The bill also created the Oregon Reinsurance Program to stabilize rates and premiums for individual health benefit plans and provide greater financial certainty to health insurance consumers. This program receives federal matching funds through a "section 1332" state innovation waiver and helps reimburse health care insurers for high claims. Among other changes, House Bill 2010 extends the sunset dates for the Oregon Reinsurance Program and the assessments on

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DRG hospitals, rural type A/B hospitals, and insurance premiums. The bill also increases the assessment on insurance premiums to 2% and expands this assessment to include stop-loss insurance.

PRELIMINARY