

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 889**80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Kim To
Reviewed by: Tom MacDonald, Matt Stayner, Paul Siebert, Ken Rocco
Date: March 29, 2019**Measure Description:**

Establishes Health Care Cost Growth Benchmark program to control growth of health care expenditures in this state.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS), Department of Administrative Services (DAS)

Summary of Fiscal Impact:

Costs related to the measure will require budgetary action - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
General Fund		
Personal Services	602,475	1,555,586
Services and Supplies	391,332	299,264
TOTAL GENERAL FUND	\$993,807	\$1,854,850
Federal Funds		
Personal Services		199,458
Services and Supplies		19,732
TOTAL FEDERAL FUNDS		\$219,190
TOTAL FUNDS	\$993,807	\$2,074,040
Positions	6	8
FTE	2.75	8.00

Analysis:

SB 889 creates the Health Care Cost Growth Benchmark program and Health Care Cost Growth Benchmark Implementation Committee under the direction of the Oregon Health Policy Board. The program is charged with establishing a health care cost growth benchmark for increases in total health expenditures and reviewing and modifying the benchmark on an annual basis. The committee is charged with designing an implementation plan for the Health Care Cost Growth Benchmark program. The Health Care Cost Growth Benchmark Implementation Committee must report to the Oregon Health Policy Board for approval, and to the Legislature by September 15, 2020. The board must adopt an implementation plan for the Health Care Cost Growth Benchmark program and report the plan to the Legislature by November 15, 2020. The provisions for the Health Care Cost Growth Benchmark Implementation Committee sunset on January 2, 2022.

Oregon Health Authority (OHA)

OHA estimates the fiscal impact of this bill to be \$993,797 General Fund and 6 positions (2.75 FTE) for the 2019-21 biennium; and \$2,074,040 total funds [\$1,854,850 General Fund and \$219,190 Federal Funds] and 8 positions (8.00 FTE) for the 2021-23 biennium. The amounts reflect the personal services and related services and supplies for the following permanent full-time positions to support the work of the Health Care Cost Growth Benchmark program and the Health Care Cost Growth Benchmark Implementation Committee.

Starting in the 2019-21 biennium:

- One Principal Executive Manager F position to oversee the Health Care Cost Growth Benchmark program, including performing supervisory functions as hiring manager and providing day-to-day management. The position will also provide strategic direction and ensure alignment with state and agency goals and objectives [18 months of the 2019-21 biennium].
- One Operations and Policy Analyst 4 position to serve as a policy advisor leading policy development and strategic analysis. The position duties will include: managing the comprehensive study and analysis of policy issues and making recommendations to leadership; planning projects and identifying projects' scope, budget and risks as well as mitigation strategies; serving as a liaison with other agencies and units; leading the rules making processes; providing leadership during public hearings; coordinating the review of regulatory needs and changes; evaluating current policy for alignment; analyzing policy issues that cross or affect other state agencies; formulating plans to change policy direction based on results of research; and coordinating the work of the Health Care Cost Growth Benchmark Implementation Committee [24 months of the 2019-21 biennium].
- One Health Economist 4 position to analyze data trends and lead the reporting effort. This position will, in collaboration with the Actuary and Research Analyst 4 positions, determine the underlying drivers of health care cost growth among the health care entities reporting data. This position is responsible for economic data analysis and should have expertise in revenue estimation, forecasting, economic growth and economic finance. The position requires a high degree of technical expertise to develop and formulate economic policy, conduct economic policy research, and serve as technical expert for complex economic analysis [6 months of the 2019-21 biennium].
- One Research Analyst 4 position to serve as a subject matter expert for data collection and to lead the research program including managing the data reporting and technical specifications, working with the Operations and Policy Analyst in administrative rule making, and working with the Economist 4 to analyze health care spending data [6 months of the 2019-21 biennium].
- One Research Analyst 3 position to assist in managing the data reporting and analysis process; ensuring compliance; validating data; assisting with methodology development as well as establishing procedures, creating forms for data collection, and contributing to reports. The position will support the Research Analyst 4 position in evaluating individual health care entities [6 months of the 2019-21 biennium].

Starting in the 2021-23 biennium:

- One Actuary position to develop and maintain a uniform risk-adjustment methodology that reporting health care entities shall adopt; provide on-going technical assistance to reporters regarding the use of the risk-adjustment methodology; and to collaborate with the Health Economist to analyze health care cost growth in terms of changing utilization, acuity and underlying risk, population and demographics, and unit price. Federal Funds for the 2021-23 biennium reflects the fact that this position is eligible for Medicaid match.
- One Research Analyst 2 position to communicate with reporting health care entities to ensure that health care entities submit complete and timely data. The position will gather and compile analysis of quantitative and qualitative information and statistical data. The position must have the experience and expertise to support and explain data needs through written reports, summaries, statistical studies, tables, graphs, and charts as well as be able to summarize data into various formats.
- One Administrative Specialist 2 position to provide administrative assistance to the program, including coordinating public meetings and hearings.

Department of Consumer and Business Services (DCBS)

The fiscal impact of this measure on DCBS is indeterminate depending on whether the final recommendations of the implementation committee will impose any additional requirements on DCBS. Until the implementation committee convenes and develops these recommendations, DCBS will use existing staff and resources to participate on the implementation committee and to monitor compliance of health insurance exchange plans.

Department of Administrative Services (DAS)

The fiscal impact of this measure on DAS is minimal. DAS will use existing staff and resources to participate on the implementation committee.