SB 765 A STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date:	05/14/19
Action:	Without recommendation as to passage, be referred to Rules, and then to Ways and Means by prior reference.
Vote:	10-1-0-0
Yeas:	10 - Alonso Leon, Boles, Drazan, Greenlick, Keny-Guyer, Mitchell, Noble, Nosse, Prusak, Salinas
Nays:	1 - Hayden
Fiscal:	Fiscal impact issued
Revenue:	No revenue impact
Prepared By:	Oliver Droppers, LPRO Analyst
Meeting Dates:	5/9, 5/14

WHAT THE MEASURE DOES:

Modifies definition of "primary care" and "total medical expenditures" for purposes of primary care spending reports by insurance carriers, Public Employees' Benefit Board (PEBB), Oregon Educators Benefit Board (OEBB), and coordinated care organizations (CCOs). Requires the Oregon Health Authority (OHA) to take into account anticipated primary care spending and use of alternative payment methodologies (APMs) when determining CCO global budgets. Requires CCOs, PEBB, OEBB, and insurance carriers to reimburse a percentage, established by OHA and Department of Consumer and Business Services (DCBS) in rule, of all primary care costs using APMs no later than January 1, 2023. Requires CCOs, PEBB, OEBB, and insurance carriers to report annually to OHA specifying the percentage of total medical expenditures planned to be spent on primary care, the percentage of spending on primary care that will be made using APMs, and the types of APMs used. Directs OHA and DCBS to establish the percentage of primary care expenditures that must be reimbursed using APMs.

ISSUES DISCUSSED:

- History of primary care in Oregon; recent state reform efforts (SB 231, 2015; SB 934, 2017)
- Defining what constitutes medical expenses in calculating total expenditures
- Primary Care Payment Reform Collaborative and its efforts
- Increase in total medical expenditures, potential savings, and cost-shifting among primary care and other services (e.g., in-patient and specialty)
- Increasing the percentage of primary care spending in Oregon without increasing total medical expenditures
- Challenge with controlling pharmaceutical expenditures among insurers
- Modification of the definition of "primary care" for reporting purposes (SB 231)
- Experiences in other states' reform efforts with primary care spending including reimbursement models (e.g., fee-for-service vs. capitation)
- Removal of certain specialty services from the reporting definition for primary care
- Investments in primary care by Oregon insurers; use of value-based payments in primary care

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

With the passage of House Bill 2009 (2009), the Oregon legislature established the Patient-Centered Primary Care Home (PCPCH) Program. The PCPCH model fosters strong relationships with patients and their families to better care for the whole person. Research indicates that availability of primary care providers is associated with improved health outcomes, including reduced mortality rates, reduced rates of low birth weight and preventable

hospitalizations, and increased self-rated health status. As of 2016, 640 clinics had been recognized as patient-centered medical homes. In 2016, researchers from Portland State University released a report that evaluated the impact of Oregon's medical homes. Key findings include:

- For every $1 increase in primary care expenditures related to the PCPCH program, there are $13 in savings in other services, such as specialty care, emergency department, and inpatient care.
- Decreases in specialty care, emergency department visits, and inpatient care.
- Resulted in $240 million in savings to Oregon's health system in the first three years.

Senate Bill 231 (2015) and House Bill 4017 (2016) require the Oregon Health Authority (OHA) and Department of Consumer and Business Services (DCBS) to report on the percentage of medical spending allocated to primary care by specified health insurance carriers, Public Employees' Benefit Board (PEBB), Oregon Educators Benefit Board (OEBB), and coordinated care organizations (CCOs). Senate Bill 934 (2017) requires health insurance carriers, PEBB, OEBB, and CCOs to allocate at least 12 percent of their health care expenditures to primary care by 2023 and established the Primary Care Payment Reform Collaborative. Commercial carriers that do not meet the 12 percent target in 2023 will be required to submit a plan to OHA and DCBS to increase the carrier's primary care spending by one percentage point each year. This includes PEBB and OEBB plans as well as CCOs.

The joint report issued by OHA and DCBS in February 2019 showed that the percentage of spending on primary care in 2017 ranged from 10.6 to 16.5 percent of medical expenditures, including:

- CCOs - 16.5 percent
- Large commercial carriers - 13.4 percent
- PEBB and OEBB - 12.2 percent
- Medicare Advantage plans - 10.6 percent

Senate Bill 765-A defines key terms for primary care spending reporting and adds the requirement that health insurance carriers, PEBB, OEBB, and CCOs reimburse a percentage of all primary care costs using alternative payment methodologies.