

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2267 - A

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
Date: May 23, 2019**Measure Description:**

Requires Oregon Health Authority to report to interim committees of Legislative Assembly related to health, no later than September 20, 2020, on implementation of provisions requiring coordinated care organization governing boards to be more transparent.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
General Fund		
Personal Services	304,195	534,113
Services and Supplies	277,566	497,790
Special Payments	(375,000)	(1,200,000)
Total General Fund	\$206,761	(\$168,097)
Other Funds		
Personal Services	50,996	137,849
Services and Supplies	19,832	53,608
Total Other Funds	\$70,828	\$191,457
Federal Funds		
Personal Services	304,195	534,113
Services and Supplies	277,566	497,790
Special Payments	(1,125,000)	(3,600,000)
Total Federal Funds	(\$543,239)	(\$2,568,097)
TOTAL FUNDS		
Personal Services	659,386	1,206,075
Services and Supplies	574,964	1,049,188
Special Payments	(1,500,000)	(4,800,000)
TOTAL FUNDS	(\$265,650)	(\$2,544,737)
Positions	4	5
FTE	2.72	5.00

Analysis:

HB 2267 authorizes the Oregon Health Authority (OHA) to establish a reinsurance program to make payments to coordinated care organizations (CCOs) that face particularly high costs in caring for members who require new, exceptionally costly drugs or treatments. The bill establishes the Tribal Advisory Council to serve as a channel of

communication between CCOs and Indian tribes regarding the health of tribal communities. OHA is required to provide staff support to the council. In addition, the measure requires CCOs to collaborate with local public health authorities and hospitals to conduct a community health assessment and adopt a community health improvement plan. The health improvement plan must include strategies for achieving shared priorities. CCOs must post the plans to their websites. The measure authorizes OHA to prescribe by rule requirements for health improvement plans and provide guidance for aligning the timelines for the development of the community health assessments and health improvement plans by coordinated care organizations, local public health authorities and hospitals.

OHA estimates the cost of administering the reinsurance program to be \$1,211,309 Total Funds and 4 positions (2.42 FTE) for the 2019-21 biennium; and \$2,255,263 Total Funds and 5 positions (5.00 FTE) for the 2021-23 biennium. This pricing includes one Operations and Policy Analyst 2 position, one Operations and Policy Analyst 4 position, one Accountant 2 position, one Actuary position and one Medical Review Coordinator position to work with existing staff. Other Funds amounts reflect Shared Services. Included in the Services and Supplies line item are professional services contract costs for actuarial and clinical support. Special Payments reflects projected savings due to reduced CCO administrative costs under the current reinsurance program, which has averaged more than \$3 million per year in recent years. Although not required by the bill, the estimated 2021-23 General Fund impact provided by OHA assumes a \$300,000 reserve will be established from the CCO administrative savings due to uncertainty regarding the full impact of the bill. The General Fund savings amount may otherwise be greater than the amounts provided should a decision be made to not establish this reserve.