

SB 1041 B STAFF MEASURE SUMMARY**Carrier:** Rep. Salinas**House Committee On Health Care****Action Date:** 05/16/19**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 11-0-0-0**Yeas:** 11 - Alonso Leon, Boles, Drazan, Greenlick, Hayden, Keny-Guyer, Mitchell, Noble, Nosse, Prusak, Salinas**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Oliver Droppers, LPRO Analyst**Meeting Dates:** 5/16**WHAT THE MEASURE DOES:**

Authorizes the Oregon Health Authority (OHA) to regulate the financial condition of coordinated care organizations (CCOs) in alignment with the Department of Consumer and Business Services' (DCBS') authority to regulate health insurers. Requires OHA to examine every CCO at least once every five years, including a financial audit. Specifies examination process and reporting requirements. Provides for confidentiality of complaints made against CCOs in OHA's regulation of CCO financial condition, and reports generated as a result of OHA regulation. Limits liability for communications and actions taken to conduct financial examinations. Specifies compliance audit documents are privileged. Requires OHA to publish the following information annually for each CCO starting in 2020: financial distributions, audited financial statements, annual risk-adjusted rates of growth, and all reports submitted to OHA that may lawfully be disclosed. Directs OHA to convene an advisory group and make recommendations by September 15, 2020, to standardize different financial reporting requirements of the National Association of Insurance Commissioners and federal and state government. Allows OHA to order a CCO be placed under supervision in specified circumstances. Specifies delinquency proceedings for CCO rehabilitation, liquidation, or conservation. Requires OHA to adopt rules for regulating the financial solvency of CCOs that align with specified provisions of the Insurance Code. Permits OHA to recover funds paid to a CCO if recovery does not adversely affect a CCO's ability to maintain required risk-based reserves.

ISSUES DISCUSSED:

- Financial reporting by coordinated care organizations (CCOs); establishing reporting requirements in statute versus contract
- Regulatory structure for CCOs, differences between CCOs and commercial insurers, and alignment of financial reporting by CCOs and commercial carriers
- Increasing CCO transparency for consumers and the Legislative Assembly
- Applying existing commercial insurance laws to CCOs, specifically allowing CCO receivership by the Oregon Health Authority (OHA) to protect assets and ensure ability to pay provider claims
- Clarification reporting is prospective, not retrospective
- Balance between trade secrets, appropriate financial disclosure or transparency by a CCO, and ensuring a CCO's providers are able to maintain their networks
- Provisions of Senate Bill 1030 (2019)
- History of FamilyCare as a CCO

EFFECT OF AMENDMENT:

Requires OHA to publish the following information annually for each CCO beginning in 2020: financial distributions, audited financial statements, annual risk-adjusted rates of growth, and all reports submitted to OHA that may lawfully be disclosed. Directs OHA to convene an advisory group and make recommendations to standardize different financial reporting requirements of the National Association of Insurance Commissioners

This summary has not been adopted or officially endorsed by action of the committee.

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and federal and state governments, by September 15, 2020. Permits OHA to recover funds paid to a CCO as long as the recovery does not adversely affect a CCO's ability to maintain required risk-based reserves. Defines terms.

BACKGROUND:

The Legislative Assembly established the Oregon Integrated and Coordinated Health Care Delivery System with the passage of House Bill 3650 (2011) and Senate Bill 1580 (2012). Newly established coordinated care organizations (CCOs) became responsible for coordinating the physical and behavioral health care for individuals enrolled in the state's Medicaid program, the Oregon Health Plan (OHP). Fifteen regional CCOs currently coordinate the provision of services for over 850,000 Oregonians enrolled in OHP.

Through its Division of Financial Regulation, the Department of Consumer and Business Services (DCBS) is the state's primary regulator of all types of insurance companies, including health insurance companies. In 2015, the division regulated health insurers covering approximately 1 million Oregonians in the individual, small group, large group, associations, and trusts markets.

In October 2018, the Oregon Health Policy Board (OHPB) released its recommendations for "CCO 2.0." One of the four key areas emphasized by OHPB was that OHP maintain sustainable growth and ensure financial transparency. In this area, OHPB recommended that financial reporting for CCOs be aligned with financial reporting for health insurance carriers endorsed by the National Association of Insurance Commissioners, including moving to a Risk-Based Capital standard for evaluating CCO financial solvency.

Senate Bill 1041-B authorizes OHA to regulate the financial condition of CCOs in alignment with DCBS' authority to regulate domestic insurers.