

# Senate Bill 1030

Sponsored by COMMITTEE ON HEALTH CARE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Oregon Health Authority to make publicly available specified information about payments to and expenditures by coordinated care organizations, authority and Department of Human Services. Requires authority to create and publish annual per capita cost report for all coordinated care organizations that includes specified information about costs incurred by coordinated care organizations.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to transparency in the administration of the medical assistance program; and declaring an  
3 emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 2 to 6 of this 2019 Act are added to and made a part of ORS chapter**  
6 **413.**

7 **SECTION 2. As used in sections 2 to 6 of this 2019 Act:**

8 (1) **"Category of service" means the categories of medical expenditures that the Oregon**  
9 **Health Authority uses in setting global budgets such as:**

10 (a) **Inpatient and outpatient hospital services;**

11 (b) **Primary care and specialists;**

12 (c) **Prescription drugs; and**

13 (d) **Mental health services.**

14 (2) **"Eligibility category" means the basis upon which a member of a coordinated care**  
15 **organization qualifies for medical assistance.**

16 (3) **"Per capita costs" means a coordinated care organization's expected average costs**  
17 **per member during a specified period of time.**

18 (4) **"Related party" means an entity that:**

19 (a) **Enters into any type of arrangement with or receives services from a coordinated**  
20 **care organization directly or through one or more unrelated parties; and**

21 (b) **Is associated with the coordinated care organization by any form of common, pri-**  
22 **vately held ownership, control or investment.**

23 (5) **"Risk accepting entity" means an entity that:**

24 (a) **Enters into an arrangement or agreement with a coordinated care organization to**  
25 **provide health services to members of the coordinated care organization;**

26 (b) **Assumes the financial risk of providing health services to medical assistance recipi-**  
27 **ents; and**

28 (c) **Is compensated on a prepaid capitated basis for providing health services to members**  
29 **of a coordinated care organization.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (6) “Risk adjusted rate of growth” means the percentage change in a coordinated care  
 2 organization’s health care expenditures from one year to the next year, taking into account  
 3 the variability in the relative health status of the members of the coordinated care organ-  
 4 ization from one year to the next year.

5 (7) “Risk score” means a factor intended to predict how a coordinated care organization’s  
 6 incurred costs for a member will differ from the statewide average based upon:

- 7 (a) Age;
- 8 (b) Sex;
- 9 (c) Eligibility category;
- 10 (d) Health status; and
- 11 (e) Geographic region.

12 (8) “Total compensation” includes salary and benefits paid by a coordinated care organ-  
 13 ization and compensation paid by shareholders, subsidiaries, parent companies, related par-  
 14 ties and risk accepting entities of the coordinated care organization.

15 **SECTION 3.** (1) It is the intent of the Legislative Assembly that the expenditures of the  
 16 Oregon Health Authority in administering the medical assistance program and the manner  
 17 in which the authority establishes global budgets for coordinated care organizations be fully  
 18 transparent and available to the public.

19 (2) The authority shall make available to the public the following information in an easily  
 20 accessible manner:

21 (a) All documentation submitted to the Centers for Medicare and Medicaid Services by  
 22 the authority in seeking federal approval of global budgets for coordinated care organiza-  
 23 tions, including but not limited to:

- 24 (A) Any documents certifying that the global budgets are actuarially sound as required  
 25 by 42 C.F.R. 438.4; and
- 26 (B) Any correspondence regarding a coordinated care organization contract or modifica-  
 27 tions to a global budget paid to a coordinated care organization.

28 (b) All documents, financial data and health care utilization data considered by the au-  
 29 thority in calculating global budgets for each coordinated care organization for each year  
 30 beginning with 2013, including but not limited to the average utilization of each category of  
 31 service per 1,000 members of the coordinated care organization, broken down by the ge-  
 32 ographic regions and the eligibility categories of the members.

33 (c) The total expenditures by the authority for programs administered by the authority  
 34 that receive funds under Title XIX or XXI of the Social Security Act and expenditures on  
 35 administration and on health services in each program.

36 (d) The total expenditures by the Department of Human Services for programs adminis-  
 37 tered by the department that receive funds under Title XIX or XXI of the Social Security  
 38 Act and expenditures on administration and on health services in each program.

39 (e) Expenditures by the authority and the department in programs administered by each  
 40 agency using funds from Title XIX or XXI of the Social Security Act on the following cate-  
 41 gories of health services, if applicable:

- 42 (A) Public health nurse home visits to postpartum mothers;
- 43 (B) Adult residential mental health services;
- 44 (C) Cost sharing for Medicare skilled nursing facility care;
- 45 (D) Transitional mental health residential care for young adults;

- 1       **(E) Targeted case management;**
- 2       **(F) Wrap around services provided to patients served by federally qualified health centers**
- 3 **or rural health centers;**
- 4       **(G) Mental health services reimbursed on a fee-for-service basis;**
- 5       **(H) Long term care services;**
- 6       **(I) School-based health services;**
- 7       **(J) Behavioral rehabilitative services;**
- 8       **(K) In-home personal care services;**
- 9       **(L) Home and community-based services provided pursuant to a state plan amendment**
- 10 **under section 1915(i) of the Social Security Act;**
- 11       **(M) Hospital services provided to medical assistance recipients who were determined eli-**
- 12 **gible for medical assistance by a hospital under criteria for presumptive determinations of**
- 13 **eligibility;**
- 14       **(N) Health insurer fees; and**
- 15       **(O) Hospital payments described in section 2 (3)(a)(C), chapter 736, Oregon Laws 2003.**
- 16       **SECTION 4. (1) It is the intent of the Legislative Assembly that the expenditures of a**
- 17 **coordinated care organization serving medical assistance recipients be fully transparent and**
- 18 **available to the public.**
- 19       **(2) The Oregon Health Authority shall make readily available to the public on an easily**
- 20 **accessible website, and shall annually report to the Legislative Assembly, the following in-**
- 21 **formation for the preceding calendar year regarding each coordinated care organization**
- 22 **contracting with the authority:**
- 23       **(a) The five highest paid positions, total compensation paid to each position and to the**
- 24 **positions combined and the name of the individuals who hold or have held the positions.**
- 25       **(b) All financial distributions by the coordinated care organization to shareholders, equity**
- 26 **members, parent companies or any related parties.**
- 27       **(c) A description and the amount of each type of financial transaction between the co-**
- 28 **ordinated care organization and the coordinated care organization's related parties and risk**
- 29 **accepting entities.**
- 30       **(d) The net assets of the coordinated care organization's risk accepting entities at the**
- 31 **end of each calendar year.**
- 32       **(e) The annual audited financial statements of the coordinated care organization.**
- 33       **(f) The annual audited financial statements of the coordinated care organization's related**
- 34 **parties and risk accepting entities.**
- 35       **(g) Copies of federal tax returns filed by the coordinated care organization and the co-**
- 36 **ordinated care organization's related parties and risk accepting entities.**
- 37       **(h) The annual risk adjusted rate of growth for the coordinated care organization.**
- 38       **(i) Every report and all data submitted by the coordinated care organization to the au-**
- 39 **thority as required in the coordinated care organization's contract with the authority.**
- 40       **(3)(a) Except as provided in paragraph (b) of this subsection, the information described**
- 41 **in subsection (2) of this section must be provided for each calendar year beginning with 2013.**
- 42       **(b) The annual audited financial statements described in subsection (2)(f) of this section**
- 43 **must be provided for calendar years beginning with 2020.**
- 44       **(4)(a) Except as provided in paragraph (b) of this subsection, the authority shall post the**
- 45 **information described in subsection (2) of this section no later than August 1 in the year**

1 following the year that the information is reported.

2 (b) Tax information described in subsection (2)(g) of this section must be posted to the  
3 website no later than 30 days after receipt by the authority.

4 **SECTION 5.** (1) The Oregon Health Authority shall adopt by rule uniform data reporting  
5 requirements for coordinated care organizations. The authority shall provide to each coor-  
6 dinated care organization the risk scores for the members of the coordinated care organ-  
7 ization and the data supporting the calculation of the global budget in sufficient detail to  
8 allow the coordinated care organization to reconcile the data provided by the authority with  
9 the coordinated care organization's own data.

10 (2) The data provided by the authority under subsection (1) of this section shall include,  
11 but is not limited to, the information described in section 3 of this 2019 Act. The authority  
12 must provide to coordinated care organizations the risk scores and data, and the per capita  
13 cost report described in section 6 of this 2019 Act, no later than 90 days prior to the effective  
14 date of a global budget established by the authority that is based on the risk scores, the data  
15 and the per capita costs.

16 (3) The authority shall use accurate and uniform standards for measuring and reporting  
17 coordinated care organization medical loss ratios, administrative costs and earnings to the  
18 public, the Legislative Assembly and the Centers for Medicare and Medicaid Services.

19 (4) The authority shall provide to each coordinated care organization, no later than Oc-  
20 tober 1 of each year, the quality measures and the specifications for the quality measures  
21 that the coordinated care organization must satisfy to qualify for quality incentive payments  
22 in the following year.

23 **SECTION 6.** (1) Beginning January 1, 2020, the Oregon Health Authority shall create and  
24 publish annually a per capita cost report of the costs incurred and reported to the authority  
25 by coordinated care organizations and used by the authority to calculate global budgets. The  
26 costs reported for the period of January 1, 2018, to December 31, 2018, shall serve as the  
27 primary data source for the 2020 report, and the authority shall update the data each year.

28 (2) The per capita cost report must include:

29 (a) A description of the data sources used in producing the exhibits described in para-  
30 graph (e) of this subsection;

31 (b) A description of the methods and assumptions that the authority used in producing  
32 the exhibits described in paragraph (e) of this subsection;

33 (c) A description of each category of service;

34 (d) The distribution of coordinated care organization members by eligibility category; and

35 (e) The following exhibits, presenting information as a weighted statewide average by el-  
36 igibility category for all coordinated care organizations combined:

37 (A) Descriptions of each eligibility category;

38 (B) An explanation of how a unit of utilization is measured for each category of service;

39 (C) The unadjusted utilization rates for each category of service per 1,000 members;

40 (D) The unadjusted average billed charge for each unit of service;

41 (E) The unadjusted average billed charges per member per month;

42 (F) The unadjusted average total payments per member per month;

43 (G) A detailed description of any adjustments made for:

44 (i) Services that are not reported by coordinated care organizations in their cost or en-  
45 counter data;

1 (ii) Services that are not appropriate for including in the per capita costs;

2 (iii) Changes in policies adopted by the authority made during the data reporting period;

3 and

4 (iv) Services that are reported in the data but are not reimbursed by the medical assist-  
5 ance program;

6 (H) Annual trend factors that the authority used to update the data;

7 (I) Adjusted utilization rates for each category of service per 1,000 members;

8 (J) The adjusted projected cost of service per unit;

9 (K) Average monthly incurred costs per member;

10 (L) The percentage of members by eligibility category utilizing each of the following cat-  
11 egories of service:

12 (i) Physical health services;

13 (ii) Dental health services; and

14 (iii) Behavioral health services; and

15 (M) Average incurred costs by eligibility category, including administrative costs, for:

16 (i) Physical health services;

17 (ii) Dental health services;

18 (iii) Behavioral health services; and

19 (iv) All health services.

20 **SECTION 7.** (1) The Oregon Health Authority shall report all information described in  
21 sections 2 to 6 of this 2019 Act, that is made available to the public, in a manner that is  
22 uniform and sufficiently detailed to ensure accurate comparisons of the data between coord-  
23 inated care organizations.

24 (2) Information and data that must be made public under sections 2 to 6 of this 2019 Act  
25 are not trade secrets under ORS 192.345 except for data that identifies individual health care  
26 providers, their contract terms or their reimbursement rates.

27 **SECTION 8.** Section 3 of this 2019 Act is amended to read:

28 **Sec. 3.** (1) It is the intent of the Legislative Assembly that the expenditures of the Oregon  
29 Health Authority in administering the medical assistance program and the manner in which the  
30 authority establishes global budgets for coordinated care organizations be fully transparent and  
31 available to the public.

32 (2) The authority shall make available to the public the following information in an easily ac-  
33 cessible manner:

34 (a) All documentation submitted to the Centers for Medicare and Medicaid Services by the au-  
35 thority in seeking federal approval of global budgets for coordinated care organizations, including  
36 but not limited to:

37 (A) Any documents certifying that the global budgets are actuarially sound as required by 42  
38 C.F.R. 438.4; and

39 (B) Any correspondence regarding a coordinated care organization contract or modifications to  
40 a global budget paid to a coordinated care organization.

41 (b) All documents, financial data and health care utilization data considered by the authority in  
42 calculating global budgets for each coordinated care organization for each year beginning with 2013,  
43 including but not limited to the average utilization of each category of service per 1,000 members  
44 of the coordinated care organization, broken down by the geographic regions and the eligibility  
45 categories of the members.

1 (c) The total expenditures by the authority for programs administered by the authority that re-  
2 ceive funds under Title XIX or XXI of the Social Security Act and expenditures on administration  
3 and on health services in each program.

4 (d) The total expenditures by the Department of Human Services for programs administered by  
5 the department that receive funds under Title XIX or XXI of the Social Security Act and expen-  
6 ditures on administration and on health services in each program.

7 (e) Expenditures by the authority and the department in programs administered by each agency  
8 using funds from Title XIX or XXI of the Social Security Act on the following categories of health  
9 services, if applicable:

10 (A) Public health nurse home visits to postpartum mothers;

11 (B) Adult residential mental health services;

12 (C) Cost sharing for Medicare skilled nursing facility care;

13 (D) Transitional mental health residential care for young adults;

14 (E) Targeted case management;

15 (F) Wrap around services provided to patients served by federally qualified health centers or  
16 rural health centers;

17 (G) Mental health services reimbursed on a fee-for-service basis;

18 (H) Long term care services;

19 (I) School-based health services;

20 (J) Behavioral rehabilitative services;

21 (K) In-home personal care services;

22 (L) Home and community-based services provided pursuant to a state plan amendment under  
23 section 1915(i) of the Social Security Act;

24 (M) Hospital services provided to medical assistance recipients who were determined eligible for  
25 medical assistance by a hospital under criteria for presumptive determinations of eligibility; **and**

26 (N) Health insurer fees[; *and*].

27 [*(O) Hospital payments described in section 2 (3)(a)(C), chapter 736, Oregon Laws 2003.*]

28 **SECTION 9. The amendments to section 3 of this 2019 Act by section 8 of this 2019 Act**  
29 **become operative on January 2, 2031.**

30 **SECTION 10. This 2019 Act being necessary for the immediate preservation of the public**  
31 **peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect**  
32 **on its passage.**

33