Senate Bill 671

Sponsored by Senators GIROD, WINTERS, GELSER, Representative WITT

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.**

Removes provisions relating to limitations on hospital reimbursement rates for Public Employees' Benefit Board and Oregon Educators Benefit Board.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to public employees' benefit plans; amending ORS 243.125, 243.256, 243.864, 243.879 and 442.394 and section 34, chapter 746, Oregon Laws 2017; and declaring an emergency.

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

SECTION 1. ORS 243.256, as amended by section 29, chapter 746, Oregon Laws 2017, is amended to read:

243.256. [*(1) A carrier that contracts with the Public Employees' Benefit Board to provide to eligible employees and their dependents a benefit plan that reimburses the cost of inpatient or outpatient hospital services or supplies shall reimburse a claim for the cost of a hospital service or supply that is covered by, or is similar to a service or supply that is covered by, the Medicare program in an amount that does not exceed:*]

[*(a) For claims submitted by in-network hospitals, 200 percent of the amount paid by Medicare for the service or supply; or*]

[*(b) For claims submitted by out-of-network hospitals, 185 percent of the amount paid by Medicare for the service or supply.*]

[*(2) A self-insurance program administered by a third party administrator that is offered by the board to eligible employees and their dependents and that reimburses the cost of inpatient or outpatient hospital services or supplies shall reimburse a claim for the cost of a hospital service or supply that is covered by, or is similar to a service or supply that is covered by, the Medicare program in an amount that does not exceed:*]

[*(a) For claims submitted by in-network hospitals, 200 percent of the amount paid by Medicare for the service or supply; or*]

[*(b) For claims submitted by out-of-network hospitals, 185 percent of the amount paid by Medicare for the service or supply.*]

[*(3) A provider who is reimbursed in accordance with subsection (1) or (2) of this section may not charge to or collect from the patient or a person who is financially responsible for the patient an amount in addition to the reimbursement paid under subsection (1) or (2) of this section other than cost sharing amounts authorized by the terms of the health benefit plan.*]

[*(4) If a carrier or third party administrator does not reimburse claims on a fee-for-service basis, the payment method used must take into account the limits specified in subsections (1) and (2) of this section. Such payment methods include, but are not limited to:*]

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.

[*(a) Value-based payments;*]

[*(b) Capitation payments; and*]

[*(c) Bundled payments.*]

[*(5) This section does not apply to reimbursements paid by a carrier or third party administrator to:*]

[*(a) A type A or type B hospital as described in ORS 442.470;*]

[*(b) A rural critical access hospital as defined in ORS 315.613; or*]

[*(c) A hospital:*]

[*(A) Located in a county with a population of less than 70,000 on August 15, 2017;*]

[*(B) Classified as a sole community hospital by the Centers for Medicare and Medicaid Services; and*]

[*(C) With Medicare payments composing at least 40 percent of the hospital's total annual patient revenue.*]

[*(6) This section does not require a health benefit plan offered by the board to reimburse claims using a fee-for-service payment method.*]

(1) A hospital that provides services or supplies under a benefit plan offered by the Public Employees' Benefit Board shall be reimbursed using the methodology prescribed by the Oregon Health Authority under ORS 442.392 and may not be reimbursed for each service or supply provided.

(2) This section applies to hospital payments made by a carrier under a contract with the board and to hospital payments made under a self-insurance program administered by a third party administrator on behalf of the board.

(3) This section does not apply to reimbursements paid by a carrier or third party administrator to a hospital that is not subject to the methodology prescribed by the authority under ORS 442.392.

SECTION 2. ORS 243.125 is amended to read:

243.125. (1) The Public Employees' Benefit Board shall prescribe rules for the conduct of its business and for carrying out ORS 243.256. The board shall study all matters connected with the providing of adequate benefit plan coverage for eligible employees on the best basis possible with relation both to the welfare of the employees and to the state and local governments. The board shall design benefits, devise specifications, analyze carrier responses to advertisements for bids and decide on the award of contracts. Contracts shall be signed by the chairperson on behalf of the board.

(2) In carrying out its duties under subsection (1) of this section, the goal of the board shall be to provide a high quality plan of health and other benefits for employees at a cost affordable to both the employer and the employees.

(3) Subject to ORS chapter 183, the board may make rules not inconsistent with ORS 243.105 to 243.285 and 292.051 to determine the terms and conditions of eligible employee participation and coverage.

(4)[*(a)*] The board shall prepare specifications, invite bids and do acts necessary to award contracts for health benefit plan and dental benefit plan coverage of eligible employees in accordance with the criteria set forth in ORS 243.135 (1).

[*(b) Premium rates established by the board for a self-insured health benefit plan and premium rates negotiated by the board with a carrier that offers a health benefit plan to eligible employees must take into account any reduction in the cost of hospital services and supplies anticipated to result from*

the application of ORS 243.256.]

(5) The executive director of the board shall report to the Director of the Oregon Health Authority.

(6) The board may retain consultants, brokers or other advisory personnel when necessary and, subject to the State Personnel Relations Law, shall employ such personnel as are required to perform the functions of the board. If the board contracts for actuarial or technical support to manage the functions of the board, the board shall, no less than every three years, solicit invitations to bid and the proposals must include all of the following:

(a) An explanation of how the bidder has assisted other clients in creating incentives to improve the quality of care provided to enrollees;

(b) An explanation of how the bidder will support the board's efforts to maximize provider efficiencies and achieve more organized systems of care; and

(c) A description of the bidder's experience in assisting other clients in structuring contracts that use risk-based networks of providers and alternative provider reimbursement methodologies.

SECTION 3. ORS 243.879, as amended by section 31, chapter 746, Oregon Laws 2017, is amended to read:

243.879. [*(1) A carrier that contracts with the Oregon Educators Benefit Board to provide to eligible employees and their dependents a benefit plan that reimburses the cost of inpatient or outpatient hospital services or supplies shall reimburse a claim for the cost of a hospital service or supply that is covered by, or is similar to a service or supply that is covered by, the Medicare program in an amount that does not exceed:*]

[*(a) For claims submitted by in-network hospitals, 200 percent of the amount paid by Medicare for the service or supply; or*]

[*(b) For claims submitted by out-of-network hospitals, 185 percent of the amount paid by Medicare for the service or supply.*]

[*(2) A self-insurance program administered by a third party administrator that is offered by the board to eligible employees and their dependents and that reimburses the cost of inpatient or outpatient hospital services or supplies shall reimburse a claim for the cost of a hospital service or supply that is covered by, or is similar to a service or supply that is covered by, the Medicare program in an amount that does not exceed:*]

[*(a) For claims submitted by in-network hospitals, 200 percent of the amount paid by Medicare for the service or supply; or*]

[*(b) For claims submitted by out-of-network hospitals, 185 percent of the amount paid by Medicare for the service or supply.*]

[*(3) A provider who is reimbursed in accordance with subsection (1) or (2) of this section may not charge to or collect from the patient or a person who is financially responsible for the patient an amount in addition to the reimbursement paid under subsection (1) or (2) of this section other than cost sharing amounts authorized by the terms of the health benefit plan.*]

[*(4) If a carrier or third party administrator does not reimburse claims on a fee-for-service basis, the payment method used must take into account the limits specified in subsections (1) and (2) of this section. Such payment methods include, but are not limited to:*]

[*(a) Value-based payments;*]

[*(b) Capitation payments; and*]

[*(c) Bundled payments.*]

[*(5) This section does not apply to reimbursements paid by a carrier or third party administrator*

to:]

[*(a) A type A or type B hospital as described in ORS 442.470;*]

[*(b) A rural critical access hospital as defined in ORS 315.613; or*]

[*(c) A hospital:*]

[*(A) Located in a county with a population of less than 70,000 on August 15, 2017;*]

[*(B) Classified as a sole community hospital by the Centers for Medicare and Medicaid Services; and*]

[*(C) With Medicare payments composing at least 40 percent of the hospital's total annual patient revenue.*]

[*(6) This section does not require a health benefit plan offered by the board to reimburse claims using a fee-for-service payment method.*]

(1) A hospital that provides services or supplies under a benefit plan offered by the Oregon Educators Benefit Board shall be reimbursed using the methodology prescribed by the Oregon Health Authority under ORS 442.392 and may not be reimbursed for each service or supply provided.

(2) This section applies to hospital payments made by a carrier under a contract with the board and to hospital payments made under a self-insurance program administered by a third party administrator on behalf of the board.

(3) This section does not apply to reimbursements paid by a carrier or third party administrator to a hospital that is not subject to the methodology prescribed by the authority under ORS 442.392.

SECTION 4. ORS 243.864 is amended to read:

243.864. (1) The Oregon Educators Benefit Board:

(a) Shall adopt rules for the conduct of its business and for carrying out ORS 243.879; and

(b) May adopt rules not inconsistent with ORS 243.860 to 243.886 to determine the terms and conditions of eligible employee participation in and coverage under benefit plans.

(2) The board shall study all matters connected with the provision of adequate benefit plan coverage for eligible employees on the best basis possible with regard to the welfare of the employees and affordability for the districts and local governments. The board shall design benefits, prepare specifications, analyze carrier responses to advertisements for bids and award contracts. Contracts shall be signed by the chairperson on behalf of the board.

(3) In carrying out its duties under subsections (1) and (2) of this section, the goal of the board is to provide high-quality health, dental and other benefit plans for eligible employees at a cost affordable to the districts and local governments, the employees and the taxpayers of Oregon.

(4)(a) The board shall prepare specifications, invite bids and take actions necessary to award contracts for health and dental benefit plan coverage of eligible employees in accordance with the criteria set forth in ORS 243.866 (1).

[*(b) Premium rates established by the board for a self-insured health benefit plan and premium rates negotiated by the board with a carrier that offers a health benefit plan to eligible employees must take into account any reduction in the cost of hospital services and supplies anticipated to result from the application of ORS 243.879.*]

[*(c)*] **(b)** The Public Contracting Code does not apply to contracts for benefit plans provided under ORS 243.860 to 243.886. The board may not exclude from competition to contract for a benefit plan an Oregon carrier solely because the carrier does not serve all counties in Oregon.

(5) The board may retain consultants, brokers or other advisory personnel when necessary and

shall employ such personnel as are required to perform the functions of the board. If the board contracts for actuarial or technical support to manage the functions of the board, the board shall, no less than every three years, solicit invitations to bid and the proposals must include all of the following:

(a) An explanation of how the bidder has assisted other clients in creating incentives to improve the quality of care provided to enrollees;

(b) An explanation of how the bidder will support the board's efforts to maximize provider efficiencies and achieve more organized systems of care; and

(c) A description of the bidder's experience in assisting other clients in structuring contracts that use risk-based networks of providers and alternative provider reimbursement methodologies.

SECTION 5. ORS 442.394 is amended to read:

442.394. (1) A hospital or ambulatory surgical center shall bill and accept as payment in full an amount determined in accordance with [*ORS 243.256 and 243.879, if applicable, or*] the payment methodology prescribed by the Oregon Health Authority under ORS 442.392.

(2) This section does not apply to type A or type B hospitals, as described in ORS 442.470, or rural critical access hospitals, as defined in ORS 442.470.

SECTION 6. Section 34, chapter 746, Oregon Laws 2017, is amended to read:

Sec. 34. (1)(a) The amendments to ORS 243.125 by section 30 [*of this 2017 Act*]**, chapter 746, Oregon Laws 2017,** apply to health benefit plans offered by the Public Employees' Benefit Board on or after January 1, 2018.

(b) The amendments to ORS 243.135 [*and 243.256 by sections 27 and 29 of this 2017 Act*] **by section 27, chapter 746, Oregon Laws 2017,** apply to health benefit plans offered by the Public Employees' Benefit Board for plan years beginning after July 1, 2019.

(2)(a) The amendments to ORS 243.864 by section 32 [*of this 2017 Act*]**, chapter 746, Oregon Laws 2017,** apply to health benefit plans offered by the Oregon Educators Benefit Board on or after January 1, 2018.

(b) The amendments to ORS 243.866 [*and 243.879 by sections 28 and 31 of this 2017 Act*] **by section 28, chapter 746, Oregon Laws 2017,** apply to health benefit plans offered by the Oregon Educators Benefit Board for plan years beginning after July 1, 2019.

SECTION 7. This 2019 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect on its passage.
