HB 2266-5 (LC 371) 6/3/19 (MNJ/ps)

Requested by Representative KOTEK

PROPOSED AMENDMENTS TO HOUSE BILL 2266

In line 2 of the printed bill, before the period insert "; creating new provisions; amending ORS 243.135, 243.256, 243.866 and 243.879; and declaring an emergency".

4 Delete lines 4 through 10 and insert:

5 "SECTION 1. ORS 243.135, as amended by section 27, chapter 746, Oregon
6 Laws 2017, is amended to read:

"243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public Employees' Benefit Board, the board shall contract for a health benefit plan or plans best designed to meet the needs and provide for the welfare of eligible employees, the state and the local governments. In considering whether to enter into a contract for a plan, the board shall place emphasis on:

13 "(a) Employee choice among high quality plans;

14 "(b) A competitive marketplace;

¹⁵ "(c) Plan performance and information;

¹⁶ "(d) Employer flexibility in plan design and contracting;

17 "(e) Quality customer service;

18 "(f) Creativity and innovation;

19 "(g) Plan benefits as part of total employee compensation;

20 "(h) The improvement of employee health; and

"(i) Health outcome and quality measures, described in ORS 413.017 (4),

1 that are reported by the plan.

"(2) The board may approve more than one carrier for each type of plan
contracted for and offered but the number of carriers shall be held to a
number consistent with adequate service to eligible employees and their
family members.

"(3) Where appropriate for a contracted and offered health benefit plan, 6 the board shall provide options under which an eligible employee may ar-7 range coverage for family members [who are not enrolled in another health 8 benefit plan offered by the board or the Oregon Educators Benefit Board. An 9 eligible employee who declines coverage in a health benefit plan offered by the 10 Public Employees' Benefit Board or the Oregon Educators Benefit Board and 11 who is enrolled as a spouse or family member in another health benefit plan 12 offered by the Public Employees' Benefit Board or the Oregon Educators 13 Benefit Board may not be paid the employer contribution for the plan that was 14 declined]. The board shall impose a surcharge in an amount determined 15 by the board on an eligible employee who arranges coverage for the 16 employee's spouse or dependent under this subsection if the spouse or 17 dependent has access to medical coverage as an employee in another 18 health benefit plan offered by the board or the Oregon Educators 19 **Benefit Board.** 20

"(4) Payroll deductions for costs that are not payable by the state or a local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the plan or plans selected and the deduction of a certain sum from the employee's pay.

"(5) In developing any health benefit plan, the board may provide an option of additional coverage for eligible employees and their family members
at an additional cost or premium.

(6) Transfer of enrollment from one plan to another shall be open to all eligible employees and their family members under rules adopted by the board. Because of the special problems that may arise in individual instances 1 under comprehensive group practice plan coverage involving acceptable 2 provider-patient relations between a particular panel of providers and par-3 ticular eligible employees and their family members, the board shall provide 4 a procedure under which any eligible employee may apply at any time to 5 substitute a health service benefit plan for participation in a comprehensive 6 group practice benefit plan.

"(7) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection
(1) of this section.

"(8)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

"(b) The board shall adopt policies and practices designed to limit the
 annual increase in premium amounts paid for contracted health benefit plans
 to 3.4 percent.

"(9) [A carrier or third party administrator that contracts with the board to provide or administer a health benefit plan shall, at least once each plan year,] As frequently as is recommended as a commercial best practice by consultants engaged by the board, the board shall conduct an audit of the health benefit plan enrollees' continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

"(10) By January 1, 2023, the board shall spend at least 12 percent of its
total medical expenditures in self-insured health benefit plans on payments
for primary care.

"(11) No later than February 1 of each year, the board shall report to the Legislative Assembly on the board's progress toward achieving the target of spending at least 12 percent of total medical expenditures in self-insured health benefit plans on payments for primary care. "SECTION 2. ORS 243.135, as amended by section 16, chapter 489, Oregon
Laws 2017, and section 27, chapter 746, Oregon Laws 2017, is amended to
read:

"243.135. (1) Notwithstanding any other benefit plan contracted for and
offered by the Public Employees' Benefit Board, the board shall contract for
a health benefit plan or plans best designed to meet the needs and provide
for the welfare of eligible employees, the state and the local governments.
In considering whether to enter into a contract for a plan, the board shall
place emphasis on:

10 "(a) Employee choice among high quality plans;

11 "(b) A competitive marketplace;

¹² "(c) Plan performance and information;

13 "(d) Employer flexibility in plan design and contracting;

14 "(e) Quality customer service;

¹⁵ "(f) Creativity and innovation;

16 "(g) Plan benefits as part of total employee compensation;

17 "(h) The improvement of employee health; and

"(i) Health outcome and quality measures, described in ORS 413.017 (4),
that are reported by the plan.

"(2) The board may approve more than one carrier for each type of plan contracted for and offered but the number of carriers shall be held to a number consistent with adequate service to eligible employees and their family members.

"(3) Where appropriate for a contracted and offered health benefit plan, the board shall provide options under which an eligible employee may arrange coverage for family members [who are not enrolled in another health benefit plan offered by the board or the Oregon Educators Benefit Board. An eligible employee who declines coverage in a health benefit plan offered by the Public Employees' Benefit Board or the Oregon Educators Benefit Board and who is enrolled as a spouse or family member in another health benefit plan

offered by the Public Employees' Benefit Board or the Oregon Educators 1 Benefit Board may not be paid the employer contribution for the plan that was $\mathbf{2}$ declined]. The board shall impose a surcharge in an amount determined 3 by the board on an eligible employee who arranges coverage for the 4 employee's spouse or dependent under this subsection if the spouse or $\mathbf{5}$ dependent has access to medical coverage as an employee in another 6 health benefit plan offered by the board or the Oregon Educators 7 **Benefit Board.** 8

9 "(4) Payroll deductions for costs that are not payable by the state or a 10 local government may be made upon receipt of a signed authorization from 11 the employee indicating an election to participate in the plan or plans se-12 lected and the deduction of a certain sum from the employee's pay.

"(5) In developing any health benefit plan, the board may provide an op tion of additional coverage for eligible employees and their family members
 at an additional cost or premium.

"(6) Transfer of enrollment from one plan to another shall be open to all 16 eligible employees and their family members under rules adopted by the 17 board. Because of the special problems that may arise in individual instances 18 under comprehensive group practice plan coverage involving acceptable 19 provider-patient relations between a particular panel of providers and par-20ticular eligible employees and their family members, the board shall provide 21a procedure under which any eligible employee may apply at any time to 22substitute a health service benefit plan for participation in a comprehensive 23group practice benefit plan. 24

"(7) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection
(1) of this section.

(8)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per 1 year.

"(b) The board shall adopt policies and practices designed to limit the
annual increase in premium amounts paid for contracted health benefit plans
to 3.4 percent.

5 "(9) [A carrier or third party administrator that contracts with the board 6 to provide or administer a health benefit plan shall, at least once each plan 7 year,] As frequently as is recommended as a commercial best practice 8 by consultants engaged by the board, the board shall conduct an audit 9 of the health benefit plan enrollees' continued eligibility for coverage as 10 spouses or dependents or any other basis that would affect the cost of the 11 premium for the plan.

"(10) If the board spends less than 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care, the board shall implement a plan for increasing the percentage of total medical expenditures spent on payments for primary care by at least one percent each year.

"(11) No later than February 1 of each year, the board shall report to the Legislative Assembly on any plan implemented under subsection (10) of this section and on the board's progress toward achieving the target of spending at least 12 percent of total medical expenditures in self-insured health benefit plans on payments for primary care.

"SECTION 3. ORS 243.866, as amended by section 28, chapter 746, Oregon
 Laws 2017, is amended to read:

²⁴ "243.866. (1) The Oregon Educators Benefit Board shall contract for ben-²⁵ efit plans best designed to meet the needs and provide for the welfare of el-²⁶ igible employees, the districts and local governments. In considering whether ²⁷ to enter into a contract for a benefit plan, the board shall place emphasis ²⁸ on:

²⁹ "(a) Employee choice among high-quality plans;

30 "(b) Encouragement of a competitive marketplace;

1 "(c) Plan performance and information;

2 "(d) District and local government flexibility in plan design and con-3 tracting;

4 "(e) Quality customer service;

5 "(f) Creativity and innovation;

6 "(g) Plan benefits as part of total employee compensation;

7 "(h) Improvement of employee health; and

8 "(i) Health outcome and quality measures, described in ORS 413.017 (4),
9 that are reported by the plan.

"(2) The board may approve more than one carrier for each type of benefit 10 plan offered, but the board shall limit the number of carriers to a number 11 consistent with adequate service to eligible employees and family members 12 [who are not enrolled in another health benefit plan offered by the board or 13 the Public Employees' Benefit Board. An eligible employee who declines cov-14 erage in a health benefit plan offered by the Oregon Educators Benefit Board 15 or the Public Employees' Benefit Board and who is enrolled as a spouse or 16 family member in another health benefit plan offered by the Oregon Educators 17 Benefit Board or the Public Employees' Benefit Board may not be paid the 18 employer contribution for the plan that was declined]. The board shall im-19 pose a surcharge in an amount determined by the board on an eligible 20employee who arranges coverage for the employee's spouse or de-21pendent under this subsection if the spouse or dependent has access 22to medical coverage as an employee in another health benefit plan 23offered by the board or the Public Employees' Benefit Board. 24

"(3) When appropriate, the board shall provide options under which an
 eligible employee may arrange coverage for family members under a benefit
 plan.

(4) A district or a local government shall provide that payroll deductions for benefit plan costs that are not payable by the district or local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the benefit plan or plans selected and
allowing the deduction of those costs from the employee's pay.

"(5) In developing any benefit plan, the board may provide an option of
additional coverage for eligible employees and family members at an additional premium.

"(6) The board shall adopt rules providing that transfer of enrollment 6 from one benefit plan to another is open to all eligible employees and family 7 members. Because of the special problems that may arise involving accepta-8 ble provider-patient relations between a particular panel of providers and a 9 particular eligible employee or family member under a comprehensive group 10 practice benefit plan, the board shall provide a procedure under which any 11 eligible employee may apply at any time to substitute another benefit plan 12for participation in a comprehensive group practice benefit plan. 13

"(7) An eligible employee who is retired is not required to participate in a health benefit plan offered under this section in order to obtain dental benefit plan coverage. The board shall establish by rule standards of eligibility for retired employees to participate in a dental benefit plan.

"(8) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection
(1) of this section.

"(9)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

"(b) The board shall adopt policies and practices designed to limit the
annual increase in premium amounts paid for contracted health benefit plans
to 3.4 percent.

"(10) [A carrier or third party administrator that contracts with the board
to provide or administer a health benefit plan shall, at least once each plan
year,] As frequently as is recommended as a commercial best practice

by consultants engaged by the board, the board shall conduct an audit of the health benefit plan enrollees' continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

"(11) By January 1, 2023, the board shall spend at least 12 percent of its
total medical expenditures in self-insured health benefit plans on payments
for primary care.

8 "(12) No later than February 1 of each year, the board shall report to the 9 Legislative Assembly on the board's progress toward achieving the target of 10 spending at least 12 percent of total medical expenditures on payments for 11 primary care.

"SECTION 4. ORS 243.866, as amended by section 17, chapter 489, Oregon
 Laws 2017, and section 28, chapter 746, Oregon Laws 2017, is amended to
 read:

¹⁵ "243.866. (1) The Oregon Educators Benefit Board shall contract for ben-¹⁶ efit plans best designed to meet the needs and provide for the welfare of el-¹⁷ igible employees, the districts and local governments. In considering whether ¹⁸ to enter into a contract for a benefit plan, the board shall place emphasis ¹⁹ on:

20 "(a) Employee choice among high-quality plans;

21 "(b) Encouragement of a competitive marketplace;

22 "(c) Plan performance and information;

"(d) District and local government flexibility in plan design and con tracting;

²⁵ "(e) Quality customer service;

- 26 "(f) Creativity and innovation;
- "(g) Plan benefits as part of total employee compensation;
- ²⁸ "(h) Improvement of employee health; and

"(i) Health outcome and quality measures, described in ORS 413.017 (4),
that are reported by the plan.

"(2) The board may approve more than one carrier for each type of benefit 1 plan offered, but the board shall limit the number of carriers to a number $\mathbf{2}$ consistent with adequate service to eligible employees and family members 3 [who are not enrolled in another health benefit plan offered by the board or 4 the Public Employees' Benefit Board. An eligible employee who declines cov- $\mathbf{5}$ erage in a health benefit plan offered by the Oregon Educators Benefit Board 6 or the Public Employees' Benefit Board and who is enrolled as a spouse or 7 family member in another health benefit plan offered by the Oregon Educators 8 Benefit Board or the Public Employees' Benefit Board may not be paid the 9 employer contribution for the plan that was declined]. The board shall im-10 pose a surcharge in an amount determined by the board on an eligible 11 employee who arranges coverage for the employee's spouse or de-12pendent under this subsection if the spouse or dependent has access 13 to medical coverage as an employee in another health benefit plan 14 offered by the board or the Public Employees' Benefit Board. 15

"(3) When appropriate, the board shall provide options under which an
 eligible employee may arrange coverage for family members under a benefit
 plan.

"(4) A district or a local government shall provide that payroll deductions for benefit plan costs that are not payable by the district or local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the benefit plan or plans selected and allowing the deduction of those costs from the employee's pay.

"(5) In developing any benefit plan, the board may provide an option of
 additional coverage for eligible employees and family members at an addi tional premium.

"(6) The board shall adopt rules providing that transfer of enrollment from one benefit plan to another is open to all eligible employees and family members. Because of the special problems that may arise involving acceptable provider-patient relations between a particular panel of providers and a particular eligible employee or family member under a comprehensive group practice benefit plan, the board shall provide a procedure under which any eligible employee may apply at any time to substitute another benefit plan for participation in a comprehensive group practice benefit plan.

5 "(7) An eligible employee who is retired is not required to participate in 6 a health benefit plan offered under this section in order to obtain dental 7 benefit plan coverage. The board shall establish by rule standards of eligi-8 bility for retired employees to participate in a dental benefit plan.

9 "(8) The board shall evaluate a benefit plan that serves a limited ge-10 ographic region of this state according to the criteria described in subsection 11 (1) of this section.

"(9)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

"(b) The board shall adopt policies and practices designed to limit the
 annual increase in premium amounts paid for contracted health benefit plans
 to 3.4 percent.

"(10) [A carrier or third party administrator that contracts with the board to provide or administer a health benefit plan shall, at least once each plan year,] As frequently as is recommended as a commercial best practice by consultants engaged by the board, the board shall conduct an audit of the health benefit plan enrollees' continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

"(11) If the board spends less than 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care, the board shall implement a plan for increasing the percentage of total medical expenditures spent on payments for primary care by at least one percent each year.

"(12) No later than February 1 of each year, the board shall report to the Legislative Assembly on any plan implemented under subsection (11) of this section and on the board's progress toward achieving the target of spending at least 12 percent of total medical expenditures on payments for primary care.

"SECTION 5. ORS 243.256, as amended by section 29, chapter 746, Oregon
Laws 2017, is amended to read:

8 "243.256. (1) A carrier that contracts with the Public Employees' Benefit 9 Board to provide to eligible employees and their dependents a benefit plan 10 that reimburses the cost of inpatient or outpatient hospital services or sup-11 plies shall reimburse a claim for the cost of a hospital service or supply that 12 is covered by, or is similar to a service or supply that is covered by, the 13 Medicare program in an amount that does not exceed:

14 "(a) For claims submitted by in-network hospitals, 200 percent of the 15 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:

7 "(a) Value-based payments;

8 "(b) Capitation payments; and

9 "(c) Bundled payments.

10 "(5) This section does not apply to reimbursements paid by a carrier or 11 third party administrator to:

"(a) A type A or type B hospital as described in ORS 442.470;

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

14 "(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[.]; or

21 "(d) A hospital located outside of this state.

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

"SECTION 6. ORS 243.879, as amended by section 31, chapter 746, Oregon
 Laws 2017, is amended to read:

²⁶ "243.879. (1) A carrier that contracts with the Oregon Educators Benefit ²⁷ Board to provide to eligible employees and their dependents a benefit plan ²⁸ that reimburses the cost of inpatient or outpatient hospital services or sup-²⁹ plies shall reimburse a claim for the cost of a hospital service or supply that ³⁰ is covered by, or is similar to a service or supply that is covered by, the

1 Medicare program in an amount that does not exceed:

2 "(a) For claims submitted by in-network hospitals, 200 percent of the 3 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.

6 "(2) A self-insurance program administered by a third party administrator 7 that is offered by the board to eligible employees and their dependents and 8 that reimburses the cost of inpatient or outpatient hospital services or sup-9 plies shall reimburse a claim for the cost of a hospital service or supply that 10 is covered by, or is similar to a service or supply that is covered by, the 11 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:

25 "(a) Value-based payments;

²⁶ "(b) Capitation payments; and

27 "(c) Bundled payments.

28 "(5) This section does not apply to reimbursements paid by a carrier or 29 third party administrator to:

³⁰ "(a) A type A or type B hospital as described in ORS 442.470;

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

2 "(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[.]; or

9 "(d) A hospital located outside of this state.

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

"<u>SECTION 7.</u> The Oregon Health Authority shall report to the
 committees or interim committees of the Legislative Assembly related
 to health care no later than December 31, 2019, on:

"(1) Actions and strategies employed by the Public Employees'
 Benefit Board and the Oregon Educators Benefit Board to limit the
 growth in per-member expenditures for health services to 3.4 percent
 per year or less;

"(2) Challenges identified by the boards in limiting the growth in
 per-member expenditures for health services to 3.4 percent per year;

"(3) Steps taken to maximize the state's purchasing power and re duce the total cost of delivering care; and

"(4) An overview of renewal rates from the upcoming and previous
benefit years.

"<u>SECTION 8.</u> (1) The Public Employees' Benefit Board shall impose
a surcharge under ORS 243.135 (3) for plan years beginning on or after
January 1, 2021.

"(2) The Oregon Educators Benefit Board shall impose a surcharge
 under ORS 243.866 (2) for plan years beginning on or after January 1,
 2020.

"SECTION 9. 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.".

HB 2266-5 6/3/19 Proposed Amendments to HB 2266

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