

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Human Services Subcommittee

From: Tom MacDonald, Legislative Fiscal Office

Date: June 10, 2021

Subject: HB 3353 – Relating to health care expenditures
Work Session Recommendations

HB 3353, with the -A5 amendment, directs the Oregon Health Authority (OHA) to seek approval from the Centers for Medicare and Medicaid Services (CMS) to require coordinated care organizations (CCOs) to spend up to 3%, but no less than 3% after CMS approves, of their global budgets to improve health equity; address social determinants of health; diversify care locations; and improve overall community health. Of the amounts expended, CCOs would be required to spend at least 30% on efforts to achieve health equity for priority populations and 20% to improve behavioral health or create a culturally and linguistically competent health care workforce.

Expenditures must be made from CCO global budget with the least amount of state funding and be counted as medical expenses by OHA for the purpose of calculating a CCO's global budget and flexible spending requirements for a given year. Upon CMS approval of OHA's request, the agency shall convene an oversight committee to evaluate the new CCO expenditures, recommend best practices and criteria for investments, and resolve disputes between OHA and CCOs.

The measure is expected to have a minimal fiscal impact in 2021-23, but OHA would likely need to hire one position later in the biennium or in 2023-25 to support the oversight committee if CMS approves OHA's Medicaid waiver request to authorize the expenditures discussed above. The fiscal impact also assumes the expenditure provisions do not increase CCO global budgets or state costs, which is subject to the agreement reached with CMS.

The -A5 amendment incorporates the provisions discussed above, which makes several changes to the A-engrossed bill. The amendment adjusts definitions; makes the oversight committee contingent on CMS approval of OHA's request; and requires CCOs to meet or surpass the 3% expenditure threshold upon CMS approval

The measure previously had hearings in the House Health Care Committee on 4/6/21 and 4/13/21 and was reported out with a do pass recommendation.

Recommended Changes

The Legislative Fiscal Office recommends adoption of the -A5 amendment.

Final Subcommittee Action

LFO recommends that HB 3353, as amended, be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____