

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

Measure: HB 3353 - A5

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Date: June 9, 2021

Measure Description:

Requires Oregon Health Authority to seek federal approval of amendment to state Medicaid demonstration project to require coordinated care organizations to use portion of global budgets to improve health equity, improve overall health of community or enhance payments to providers who advance health equity or provide services improving overall health of community.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:

HB 3353 - A5 directs the Oregon Health Authority (OHA) to request approval from the Centers for Medicare and Medicaid Services (CMS) to require coordinated care organizations (CCOs) to spend up to three percent of their global budgets on certain investments. These investments include programs or services to improve health equity by addressing preventable differences in health outcomes for socially disadvantaged populations; community-based programs to address social determinants of health; efforts to diversify care locations; and programs or services to improve overall community health. Budgets can also be used to enhance payments to certain providers and support staff. CCOs would be required to spend at least 30 percent of funds on efforts to achieve health equity for underserved populations and 20 percent of funds on efforts to improve behavioral health or create a culturally and linguistically competent health care workforce. Expenditures must be made from a CCO's global budget with the least amount of state funding, and be counted as medical expenses by OHA in a CCO's base medical budget when calculating the CCO's global budget and flexible spending requirements for a given year.

Upon approval from the CMS, OHA is to require CCOs to spend no less than three percent of their global budgets on investments. OHA is also directed to convene an oversight committee to evaluate expenditures, recommend best practices and criteria for investments, and resolve disputes between OHA and CCOs.

The measure takes effect on the 91st day after the Legislative Assembly adjourns sine die.

The measure is anticipated to have a minimal fiscal impact in 2021-23 based on the timing of potential CMS approval of OHA's request and subsequent implementation of the provisions. OHA anticipates existing staff will be able to assist the oversight committee in the 2021-23 biennium, since this committee is not likely to be formed until later in the 2021-23 biennium, after approval from CMS is received. OHA may need to request additional staffing as part of the 2023-25 budget development cycle to assist the oversight committee.

The measure has indeterminate aspects related to the timing and terms of the agreement with CMS. OHA will need to understand what types of expenditures will qualify for federal matching funds, what the match rate will be, and the timing of when the federal match could be claimed. OHA notes that the earliest an agreement would be reached would likely be in January 2023.