

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 800 - A7

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
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Date: June 19, 2021**Measure Description:**

Establishes Oregon Essential Workforce Health Care Program in Oregon Health Authority to provide health care to employees of long-term care facilities, residential care facilities and in-home care agencies that participate in medical assistance program.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS), Department of Human Services (DHS), Legislative Counsel (LC)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$542,872	\$514,278
Other Funds	149,184	
Total Funds	\$692,056	\$514,278
Positions	2	2
FTE	1.50	2.00

Analysis:

SB 800 - A7 establishes the Oregon Essential Workforce Health Care Program in the Oregon Health Authority (OHA). OHA, in coordination with the Department of Human Services (DHS), is to provide supplemental payments to eligible employers, to be used to provide health care benefits to employees of licensed long-term care facilities, residential facilities, and in-home care agencies. "Eligible employers" are defined as operators of facilities that are participating providers in the state medical assistance program, elect to participate in the Oregon Essential Workforce Health Care Program, and meet other requirements prescribed by OHA by rule. To participate, employers must enter into a memorandum of understanding with OHA specifying how supplemental payments will be used, agree to participate in evidence-based and data-driven workforce and quality of care improvements, and report each year on quality and other metrics. Supplemental payments are subject to approval by the Centers for Medicare and Medicaid Services (CMS).

This measure specifies that an association or group of "eligible employers" that administers a self-insured program to provide health insurance coverage (excluding disability insurance) to employees, retired employees, and their dependents, is not subject to the Insurance Code. Certain conditions must be met, including that at least 500 people have coverage under the program; the program provides all coverage and benefits required of group health insurance policies; and certain documentation and notification standards are met. Program contributions and adequate reserves must be held in separate accounts and used exclusively for the program, with adequate reinsurance. The program must have sufficient personnel or contract with a third-party administrator for services.

OHA is to use funds available to the Oregon Essential Workforce Health Care Program to reimburse the costs of health care provided under this program. The measure declares an emergency and takes effect on passage, but the Oregon Essential Workforce Health Care Program is not operative until OHA receives approval from CMS to make the supplemental payments directed by this measure. OHA will need to submit a state plan amendment in order to receive federal funds, and it will take at least six months to receive approval.

For program administration, there is a known fiscal impact of \$542,872 General Fund in 2021-23 and \$514,278 General Fund in 2023-25. Most of these costs are related to two new permanent, full-time Operations and Policy Analyst 3 positions (each 0.75 FTE in 2021-23 and 1.00 FTE in 2023-25) to support this program in OHA. These positions will develop rules and oversee the program. The agency will also need to modify its Provider Pay system and the Medicaid Management Information System. The cost of these modifications is estimated at \$149,184 General Fund for contractor expenses. These costs will be paid by the OHA Health Systems Division to OHA Shared Services. Shared Services will then expend these monies as Other Funds. While administrative costs are assumed to be paid with General Fund, it is likely the costs will be eligible for federal match if CMS approves the agency's request.

There is an indeterminate cost to implement this measure regarding the supplemental payments to eligible employers for health care benefits to their employees. It is not clear how many employers will participate in this program, what level funding OHA is expected to provide, and what sort of cost-sharing is expected of employers, which will influence the overall fiscal impact of this measure. Additional positions may also be required based on the size of the program; the program scope is not clear from the text of this measure.

There is no fiscal impact for the Department of Human Services or Legislative Counsel, and minimal impact for the Department of Consumer and Business Services.