

**HB 4039 STAFF MEASURE SUMMARY****House Committee On Health Care****Action Date:** 02/14/22**Action:** Without recommendation as to passage, be referred to Rules, and then to Ways and Means by prior reference.**Vote:** 10-0-0-0**Yeas:** 10 - Alonso Leon, Campos, Dexter, Hayden, Moore-Green, Noble, Prusak, Salinas, Schouten, Weber**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Brian Nieubuurt, LPRO Analyst**Meeting Dates:** 2/9, 2/14**WHAT THE MEASURE DOES:**

Modifies financial requirements for coordinated care organization (CCO) expenditures on social determinants of health and health equity and requires the Oregon Health Authority (OHA) to prescribe by rule the types of expenditures satisfying expenditure requirements. Requires OHA to invest not less than three percent of the amount appropriated for medical assistance recipients not enrolled in CCOs on services prescribed by rule each fiscal year and report expenditures annually to Legislative Assembly. Requires first report by January 1, 2024. Prohibits OHA from requiring that a CCO spend more than three percent of its administrative budget on services designed to address health disparities and social determinants of health. Prohibits OHA from adopting rules that restrict CCO distributions or other expenditures above 200 percent of minimum required risk-based capital. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- History of Supporting Health for All through Reinvestment (SHARE) Initiative and current standards in rule
- Impact of Share Initiative requirements on total cost of health care

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

In 2011, the Legislative Assembly passed House Bill 3650, establishing coordinated care organizations (CCOs) as regional entities responsible for coordinating the delivery of services for medical assistance recipients. In 2012, OHA executed the first five-year contracts with CCOs in conjunction with the state's Section 1115 federal Medicaid waiver. The contracts required each CCO to have plans for describing its goals and activities for transforming care, using health information technology, and improving quality.

In 2017, OHA renewed its 1115 waiver with the Centers for Medicare and Medicaid Services (CMS). In 2018, the Legislative Assembly passed House Bill 4018, requiring CCOs to spend a portion of their profits on services designed to address health disparities and social determinants of health consistent with Section 1115 waiver terms (the Supporting Health for All through Reinvestment (SHARE) Initiative). In 2019, OHA signed contracts with 15 CCOs to serve Oregon Health Plan (OHP) members through 2024 and launched CCO 2.0. In CCO 2.0, OHA requires CCOs to include social determinants of health and equity (SDOH-E) in the development of the community health assessment and improvement plans. According to OHA, the SHARE Initiative requires CCOs that exceed certain financial requirements to spend funds to address SDOH-E, separate from health-related services. In 2021, the Legislative Assembly passed House Bill 3353, requiring CCOs to increase spending on services and programs

*This summary has not been adopted or officially endorsed by action of the committee.*

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that advance health equity.

House Bill 4039 modifies the financial requirements for coordinated care organization expenditures on social determinants of health and health equity and establishes limits on the the amount that the Oregon Health Authority could require organizations to spend.