HB 2742-4
(LC 1552)
4/3/23 (LHF/ps)

Requested by Representative GOODWIN

PROPOSED AMENDMENTS TO HOUSE BILL 2742

1 On page 1 of the printed bill, line 2, delete "and 442.385" and insert ",
2 442.385 and 442.386".
3 Delete lines 4 through 29.
4 On page 2, delete lines 1 through 35 and insert:
5 **"SECTION 1.** ORS 442.385 is amended to read:
6 "442.385. As used in this section and ORS 442.386:
7 "**(1) 'Frontline worker' means any worker whose total annual com-**
8 **pensation is less than $200,000, adjusted annually to reflect any per-**
9 **centage changes in the Consumer Price Index for All Urban**
10 **Consumers, West Region (All Items), as published by the Bureau of**
11 **Labor Statistics of the United States Department of Labor, excluding**
12 **executive managers and salaried managers.**
13 "[*(1)*] **(2)** 'Health care' means items, services and supplies intended to
14 improve or maintain human function or treat or ameliorate pain, disease,
15 condition or injury, including but not limited to the following types of ser-
16 vices:
17 "(a) Medical;
18 "(b) Behavioral;
19 "(c) Substance use disorder;
20 "(d) Mental health;
21 "(e) Surgical;

"(f) Optometric;

"(g) Dental;

"(h) Podiatric;

"(i) Chiropractic;

"(j) Psychiatric;

"(k) Pharmaceutical;

"(L) Therapeutic;

"(m) Preventive;

"(n) Rehabilitative;

"(o) Supportive; or

"(p) Geriatric.

"[*(2)*] **(3)** 'Health care cost growth' means the annual percentage change in total health expenditures in this state.

"[*(3)*] **(4)** 'Health care entity' means a payer or a provider.

"[*(4)*] **(5)** 'Health insurance' has the meaning given that term in ORS 731.162.

"[*(5)*] **(6)** 'Net cost of private health insurance' means the difference between health insurance premiums received by a payer and the claims for the cost of health care paid by the payer under a policy or certificate of health insurance.

"[*(6)*] **(7)** 'Payer' means:

"(a) An insurer offering a policy or certificate of health insurance or a health benefit plan as defined in ORS 743B.005;

"(b) A publicly funded health care program, including but not limited to Medicaid, Medicare and the State Children's Health Insurance Program;

"(c) A third party administrator; and

"(d) Any other public or private entity, other than an individual, that pays or reimburses the cost for the provision of health care.

"[*(7)*] **(8)** 'Provider' means an individual, organization or business entity that provides health care.

1 "**(9) 'Total compensation' means wages, benefits, salaries, bonuses**
2 **and incentive payments provided to a frontline worker by a provider.**
3 "[*(8)(a)*] **(10)(a)** 'Total health expenditures' means all health care expend-
4 itures on behalf of residents of this state by public and private sources, in-
5 cluding:
6 "(A) All payments on providers' claims for reimbursement of the cost of
7 health care provided;
8 "(B) All payments to providers other than payments described in subpar-
9 agraph (A) of this paragraph;
10 "(C) All cost-sharing paid by residents of this state, including but not
11 limited to copayments, deductibles and coinsurance; and
12 "(D) The net cost of private health insurance.
13 "(b) 'Total health expenditures' may include expenditures for care pro-
14 vided to out-of-state residents by in-state providers to the extent practicable.
15 "**SECTION 2.** ORS 442.386 is amended to read:
16 "442.386. (1) The Legislative Assembly intends to establish a health care
17 cost growth target, for all providers and payers, to:
18 "(a) Support accountability for the total cost of health care across all
19 providers and payers, both public and private;
20 "(b) Build on the state's existing efforts around health care payment re-
21 form and containment of health care costs; and
22 "(c) Ensure the long-term affordability and financial sustainability of the
23 health care system in this state.
24 "(2) The Health Care Cost Growth Target program is established. The
25 program shall be administered by the Oregon Health Authority in collab-
26 oration with the Department of Consumer and Business Services, subject to
27 the oversight of the Oregon Health Policy Board. The program shall estab-
28 lish a health care cost growth target for increases in total health expendi-
29 tures and shall review and modify the target on a periodic basis.
30 "(3) The health care cost growth target must:

1 “(a) Promote a predictable and sustainable rate of growth for total health
2 expenditures as measured by an economic indicator adopted by the board,
3 such as the rate of increase in this state’s economy or of the personal income
4 of residents of this state;
5 “(b) Apply to all providers and payers in the health care system in this
6 state;
7 “(c) Use established economic indicators; and
8 “(d) Be measurable on a per capita basis, statewide basis and health care
9 entity basis.
10 “(4) The program shall establish a methodology for calculating health
11 care cost growth:
12 “(a) Statewide;
13 “(b) For each provider and payer, taking into account the health status
14 of the patients of the provider or the beneficiary of the payer; and
15 “(c) Per capita.
16 “(5)**(a)** The program shall establish requirements for providers and payers
17 to report data and other information necessary to calculate health care cost
18 growth under subsection (4) of this section.
19 “**(b) Based on a methodology determined by the authority, each**
20 **provider shall report annually the provider’s aggregate amount of total**
21 **compensation.**
22 “(6) Annually, the program shall:
23 “(a) Hold public hearings on the growth in total health expenditures in
24 relation to the health care cost growth in the previous calendar year;
25 “(b) Publish a report on health care costs and spending trends that in-
26 cludes:
27 “(A) Factors impacting costs and spending; and
28 “(B) Recommendations for strategies to improve the efficiency of the
29 health care system; and
30 “(c) For providers and payers for which health care cost growth in the

1 previous calendar year exceeded the health care cost growth target:
2 "(A) Analyze the cause for exceeding the health care cost growth target;
3 and
4 "(B) Require the provider or payer to develop and undertake a perform-
5 ance improvement plan.
6 "(7)(a) The authority shall adopt by rule criteria for waiving the re-
7 quirement for a provider or payer to undertake a performance improvement
8 plan, if necessitated by unforeseen market conditions or other equitable fac-
9 tors.
10 "(b) The authority shall collaborate with a provider or payer that is re-
11 quired to develop and undertake a performance improvement plan by:
12 "(A) Providing a template for performance improvement plans, guidelines
13 and a time frame for submission of the plan;
14 "(B) Providing technical assistance such as webinars, office hours, con-
15 sultation with technical assistance providers or staff, or other guidance; and
16 "(C) Establishing a contact at the authority who can work with the pro-
17 vider or payer in developing the performance improvement plan.
18 "(8) A performance improvement plan must:
19 "(a) Identify key cost drivers and include concrete steps a provider or
20 payer will take to address the cost drivers;
21 "(b) Identify an appropriate time frame by which a provider or payer will
22 reduce the cost drivers and be subject to an evaluation by the authority; and
23 "(c) Have clear measurements of success.
24 "(9) The authority shall adopt by rule criteria for imposing a financial
25 penalty on any provider or payer that exceeds the cost growth target without
26 reasonable cause in three out of five calendar years or on any provider or
27 payer that does not participate in the program. The criteria must be based
28 on the degree to which the provider or payer exceeded the target and other
29 factors, including but not limited to:
30 "(a) The size of the provider or payer organization;

1 “(b) The good faith efforts of the provider or payer to address health care
2 costs;
3 “(c) The provider’s or payer’s cooperation with the authority or the de-
4 partment;
5 “(d) Overlapping penalties that may be imposed for failing to meet the
6 target, such as requirements relating to medical loss ratios; and
7 “(e) A provider’s or payer’s overall performance in reducing cost across
8 all markets served by the provider or payer.
9 “**(10) A provider shall not be accountable for cost growth resulting**
10 **from the provider’s total compensation.**”.
11 In line 36, delete “2” and insert “3” and delete “3” and insert “4”.
12 In line 38, delete “3” and insert “4”.
13 On page 3, line 12, delete “4” and insert “5”.
14 In line 14, delete “3” and insert “4”.
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