HB 3157

HEALTH INSURANCE MANDATE REVIEW ADVISORY COMMITTEE

BALANCING COST OF HEALTH CARE

&

COVERAGE FOR SPECIFIC ILLNESSES/CONDITIONS

Everyone is concerned about controlling the overall cost of health care and affordability

Since the 1980s, the Legislature and Congress have grappled with how to stem the overall cost of health care

Legislators are also asked to consider a vast array of bills that impact the cost of health insurance in the form of mandates for benefits or payment

In Oregon's Insurance Code, there are 50 separate mandates for coverage and payment

Across the country, 32 states have review or reporting process requirements for benefits or coverage mandates

HISTORY OF MANDATED COVERAGE STUDIES IN OREGON (ORS 171.870 TO 171.880)

- In 1985, the Oregon Legislature passed a bill (House Bill 2031) that requires review of mandated coverage to understand utilization, coverage, cost, and other impacts of a proposed measure
- Under the law, a report is meant to accompany every proposed measure, divided into questions on certain **social** and **financial** aspects
  - **Social impacts include:** utilization, insurance coverage availability and takeup, financial hardships without a mandate, and medical necessity for the treatment
  - **Financial impacts include:** cost of treatment due to mandate, whether coverage will increase use of treatment, if the mandated service would substitute for more expensive treatments, impact on premiums and administrative expenses, and the effect on the total cost of care

Currently, this law is not being followed.

HISTORY OF MANDATED COVERAGE STUDIES IN OREGON (ORS 171.870 TO 171.880)

Report of Advisory Subcommittee Three
To
House of Representatives Task Force on Health Care Cost Containment
June 21, 1984

MANDATED BENEFITS

Recommendations

The subcommittee recommends the following measures for adoption by the legislative assembly:

1. Systematic review of proposals for mandates. The subcommittee recommends a bill in the form of the attached draft, which is modeled on the provisions of Washington House Bill 1179, enacted February 29, 1984. In summary, the bill provides for the submission of a report by the proponent of any new mandated benefit or provider payment, under specific criteria documenting the social and financial impact of the proposed mandate. This approach provides legislators with a set of guidelines by which proposed mandates can be judged, and puts the burden on the proponent of such mandates to document the meeting of those guidelines. The subcommittee thought this approach preferable to a freeze on mandates or a prohibition on any further mandated benefits.

HISTORY OF MANDATED COVERAGE STUDIES IN OREGON (ORS 171.870 TO 171.880)

In addition, before it enacts new mandated benefits, the Task Force believes, the legislature should be assured that its actions serve a legitimate health interest of the public and not merely a narrow economic interest of a provider or insurer. This can be best accomplished, the Task Force has concluded, if explicit standards are adopted for the

legislature's use in judging the merits of a proposed mandate and if the burden of establishing a mandate's social value is placed on the proponents of the action before the economic burden is imposed on consumers and insurers.

—Staff Report on the Recommendations of the House Task Force on Health Care Cost Containment, December 1984

HISTORY OF MANDATED COVERAGE STUDIES IN OREGON (ORS 171.870 TO 171.880)

The proposed legislation would also allow commercial insurers to offer optional alternative payment plans through specific hospitals or insurers. By the same token, all public employers would be required to offer their employees a choice of health care plans, including at least one alternative health care option like and HMO or a PPO -- which stands for Preferred Provider Organization. Furthermore, the legislation includes standards for determining whether newly mandated benefits will be adopted, while requiring a periodic review of existing mandated benefits. This will guarantee that they truly serve the public interest.

—Testimony of House Majority Leader Shirley Gold to the House Committee on Human Resources, February 4, 1985.

UPDATE CURRENT STATUTE

The law needs updating to consider what has transpired in the last three decades (e.g., social impacts, Cost Growth Target, and equity focus)

HB 3157 would update existing law to create a timely process to better define and compile information about a proposed mandate

This would result in more informed policy discussions and more accurate and consistent implementation

INDIVIDUAL VERSUS COLLECTIVE IMPACT

- Coverage mandate proposals are well-intentioned ideas focusing on specific situations
- However, mandates are considered on their own without context or a more expansive review of how they affect the system as a whole
- Legislators have little to no opportunity to weigh the relative costs, benefits, and efficacy of a particular mandate proposal
- Current reviews are based on fiscal impacts to state General Fund or Other Funds paint a narrow and distorted picture.

CUMULATIVE IMPACT ON COST OF CARE

The Cost of New Mandates

Impact on Commercial Premiums & Expected State Expenditures

Total Estimated Premium Increase: $26.35 Per Member, Per Month (PMPM)*

HB 2508, Telemedicine Approx. $1.00 PMPM	**HB 2623, Insulin Cost Sharing** Approx. $.45 PMPM	**HB 3108, Primary Care Visits** Approx. $5.90 PMPM	**SB 168, Infertility** Approx. $4.00 PMPM	**SB 772, Naturopaths** Approx. $.75 PMPM

HB 2517, Prior Authorization Approx. $8.20 PMPM	**HB 3046, Behavioral Health Parity** Approx. $5.20 PMPM	**SB 2, Proton Beam Therapy** Approx. $.10 PMPM	**SB 560, Third Party Payments** Approx. $.75 PMPM

Expected State Expenditures: $55,046,503 in 2021-23 and $68,548,383 in 2023-25**

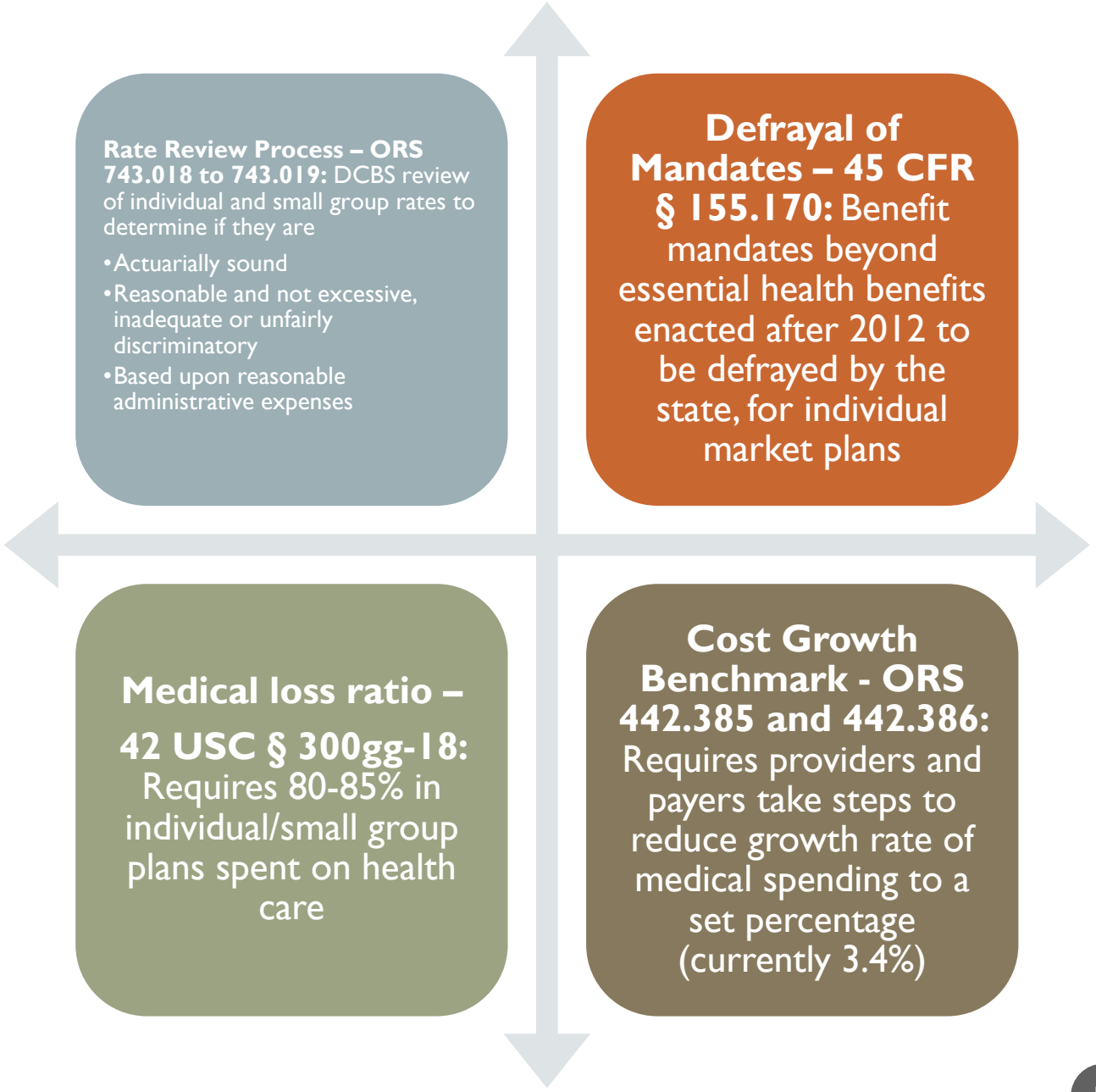
HB 2010 – Public Option	$400,000 in 2021-23
HB 2362 – Mergers & Acquisitions	$817,367 in 2021-23 $1,083,012 in 2023-25
HB 3046 – Behavioral Health Parity	$708,708 in 2021-23 $896,073 in 2023-25
HB 3108 – Primary Care Visits	$663,282 in 2021-23 In addition, this bill may be considered a new mandate and require the state to offset the cost of the benefit (see page 2).

HB 3159 – REALD/SOGI Data Collection	$22,300,000 in 2021-23 $18,200,000 in 2023-25
SB 168 – Infertility	$26,626,100 in 2021-23 $44,838,252 in 2023-25 In addition, this bill may be considered a new mandate and require the state to offset the cost of the benefit (see page 2).
SB 772 – Naturopaths	$3,531,046 in 2021-23 $3,531,046 in 2023-25
HB 2462 – Pharmacy & PSAO Tax Reimbursement by PBMs	Undefined, but anticipated to have an impact on Department of Consumer and Business Services, Oregon Health Authority and Oregon Board of Pharmacy.

** Based on independent estimates from carriers, may be impacted by individual plan design*
*** Based on legislative fiscal impact statements*

2021 Oregon Regular Session

BALANCING FEDERAL AND STATE COST CONTAINMENT POLICIES



PROPOSED SOLUTION

HB 3157

- Modernizes existing state law to provide legislators with necessary information to consider new mandates
- Creates a Health Insurance Mandate Review Advisory Committee ("HIMRAC") to collect needed information
- Front loads data gathering and analysis
- Leaves decision making with legislators

HIMRAC PROCESS

- Committee will develop a process for reviewing and producing a report on legislative measures or amendments that mandate health insurance coverage
- LPRO and DCBS collect and compile data necessary to analyze factors to be answered in the report
- Committee will hold meetings to clarify the scope of the proposed mandates and to review and discuss proposed mandates, including cost and benefits.
  - For concepts considered over an interim, the Committee must produce a report by January 15th
  - For concepts considered during session, the Committee must produce a report within two weeks
- **Committee will <u>not</u> make recommendations. Purpose is the bring transparency and clarity for lawmakers when considering new mandates.**

TRANSPARENCY

- Report will provide:
  - Evidence of medical need for treatment or services
  - Scope/extent of coverage under the proposal
  - Whether proposal ensures more/less equitable access to treatment and services for Oregonians
  - Whether proposal is an essential health benefit
  - Other state or federal laws related to the proposal, including whether costs are defrayed
  - Extent to which coverage already provided by PEBB, OEBB, individual, small or large employer group health insurance plans, and OHP
  - Extent to which lack of coverage results in financial hardship for Oregonians
  - Actuarial analysis of financial effects -
    - Increase/decrease cost of treatment of service and utilization
    - Whether would substitute for more expensive alternatives
    - PMPM costs
    - Impact premiums, especially for rural residents
    - Estimated impact of proposal on total cost of health care in state

HB 3157 IS NOT INTENDED TO BE A BARRIER FOR NEW MANDATES.

BY ESTABLISHING A TIMELY PROCESS TO BETTER DEFINE AND COMPILE INFORMATION ABOUT A PROPOSED HEALTH CARE MANDATE, HB 3157 WILL LEAD TO MORE INFORMED POLICY DISCUSSIONS AND MORE ACCURATE AND CONSISTENT IMPLEMENTATION.

QUESTIONS?

Richard Blackwell, PacificSource Health Plans, richard.blackwell@pacificsource.com
Elizabeth Edwards, Kaiser Permanente, Elizabeth.M.Edwards@kp.org