

## HB 2010 STAFF MEASURE SUMMARY

### House Committee On Behavioral Health and Health Care

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**Sub-Referral To:** House Committee On Revenue

**Meeting Dates:** 2/6

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#### WHAT THE MEASURE DOES:

The measure extends assessments on specified entities to support funding the Oregon Reinsurance Program and Oregon Health Plan.

#### Measure Details

- Extends assessment on health insurance premiums at current rate of 2 percent to support the Oregon Reinsurance Program set to sunset on December 31, 2026 to December 31, 2032.
- Extends assessment on managed care premium equivalents at current rate of 2 percent to support the Oregon Reinsurance Program set to sunset on December 31, 2026 to December 31, 2032.
- Extends assessment on specified hospital types at current rates to support funding of the Oregon Health Plan set to sunset on January 2, 2031 to January 2, 2038.

*FISCAL: May have fiscal impact, but no statement yet issued.*

*REVENUE: May have revenue impact, but no statement yet issued.*

#### ISSUES DISCUSSED:

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

The Medicaid program is jointly financed by states and the federal government. Under federal Medicaid law, states have substantial flexibility in determining how to finance the state share of Medicaid payments. In addition to state general funds, all states except Alaska use at least one type of health care-related tax to help fund the state portion. Thirty-nine states, including Oregon, have taxes or fees on three or more provider types. Federal law sets certain conditions on the imposition of health care-related taxes: the tax must be broad based (imposed on all health care items or services in a given class); the tax must be uniformly imposed; and the tax must **not** hold payers harmless. The law creates a safe harbor from the hold-harmless provisions for taxes where collections are 6 percent or less of net patient revenues. 42 CFR 433.68.

Oregon first started using taxes to help replace General Fund in financing its Medicaid program in 2003 when hospitals were assessed at a rate capped at 3%. A tax on insurers was added in 2009. Medicaid-related taxes were last renewed by the Legislature in 2019 (HB 2010).

House Bill 2010 extends assessments on extends assessments on specified entities to support funding the Oregon Reinsurance Program and Oregon Health Plan.