HB 2010 A STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

Action Date:	02/11/25
Action:	Do pass with amendments and be referred to Revenue by prior reference. (Printed A-Eng.)
Vote:	7-2-0-0
Yeas:	7 - Diehl, Isadore, Javadi, Munoz, Nelson, Nosse, Pham H
Nays:	2 - Harbick, McIntire
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Prepared By:	Brian Nieubuurt, LPRO Analyst
Meeting Dates:	2/6, 2/11

WHAT THE MEASURE DOES:

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

<u>Measure Details</u>

- Extends assessment on health insurance premiums at current rate of two percent to support the Oregon Reinsurance Program set to sunset from December 31, 2026, to December 31, 2032.
- Extends assessment on managed care premium equivalents at current rate of two percent to support the Oregon Reinsurance Program set to sunset from 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 from January 2, 2031, to January 2, 2038.
- Clarifies definitions for hospital assessment to distinguish inpatient and outpatient revenue.
- Extends reimbursement standards for services provided by Oregon Health & Science University (OHSU) to 2032.

ISSUES DISCUSSED:

- Impact of Oregon Reinsurance Program in stabilizing rates in the individual market.
- Importance of the Oregon Health Plan availability to low-income Oregonians, particularly children.
- Importance of flexibility provided by distinguishing between inpatient and outpatient revenue for purposes of hospital assessment.

EFFECT OF AMENDMENT:

- Clarifies definitions for hospital assessment to distinguish inpatient and outpatient revenue.
- Extends reimbursement standards for services provided by Oregon Health & Science University (OHSU) to 2032.

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 six 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 three percent. A tax on insurers was added in 2009. Medicaid-related taxes were last renewed by the Legislature in 2019 (HB 2010).

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