

# A-Engrossed House Bill 2205

Ordered by the House April 14  
Including House Amendments dated April 14

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Behavioral Health and Health Care for Representative Rob Nosse)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest: The Act makes changes to laws about contracts between OHA and CCOs. (Flesch Readability Score: 74.8).**

*[Digest: The Act changes the contract term to 10 years for contracts between OHA and CCOs. (Flesch Readability Score: 73.1).]*

*[Extends the term of a contract entered into between the Oregon Health Authority and a coordinated care organization to 10 years. Directs the authority to review a coordinated care organization's performance after the initial five years of a contract term.]*

**Requires a contract entered into between the Oregon Health Authority and a coordinated care organization to be for an initial term of no less than five years and to be the same length for all coordinated care organizations contracting with the authority.**

## A BILL FOR AN ACT

1  
2 Relating to coordinated care organization contracts; creating new provisions; and amending ORS  
3 414.590 and section 2, chapter 441, Oregon Laws 2023.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 414.590 is amended to read:

6 414.590. (1) As used in this section:

7 (a) "Benefit period" means a period of time, shorter than the [*five-year*] contract term, for which  
8 specific terms and conditions in a contract between a coordinated care organization and the Oregon  
9 Health Authority are in effect.

10 (b) "Renew" means an agreement by a coordinated care organization to amend the terms or  
11 conditions of an existing contract for the next benefit period.

12 (2) A contract entered into between the authority and a coordinated care organization under  
13 ORS 414.572 (1):

14 (a) Shall be:

15 **(A) For [a] an initial term of no less than five years; and**

16 **(B) The same length for all coordinated care organizations contracting with the author-**  
17 **ity;**

18 (b) Except as provided in subsection (4) of this section, may not be amended more than once in  
19 each 12-month period; and

20 (c) May be terminated by the authority if a coordinated care organization fails to meet outcome  
21 and quality measures specified in the contract or is otherwise in breach of the contract.

22 (3) This section does not prohibit the authority from allowing a coordinated care organization  
23 a reasonable amount of time in which to cure any failure to meet outcome and quality measures

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 specified in the contract prior to the termination of the contract.

2 (4) A contract entered into between the authority and a coordinated care organization may be  
3 amended:

4 (a) More than once in each 12-month period if:

5 (A) The authority and the coordinated care organization mutually agree to amend the contract;

6 or

7 (B) Amendments are necessitated by changes in federal or state law.

8 (b) Once within the first eight months of the effective date of the contract if needed to adjust  
9 the global budget of a coordinated care organization, retroactive to the beginning of the calendar  
10 year, to take into account changes in the membership of the coordinated care organization or the  
11 health status of the coordinated care organization's members.

12 (5) Except as provided in subsection (8) of this section, the authority must give a coordinated  
13 care organization at least 60 days' advance notice of any amendments the authority proposes to  
14 existing contracts between the authority and the coordinated care organization.

15 (6) Except as provided in subsection (4)(b) of this section, an amendment to a contract may apply  
16 retroactively only if:

17 (a) The amendment does not result in a claim by the authority for the recovery of amounts paid  
18 by the authority to the coordinated care organization prior to the date of the amendment; or

19 (b) The Centers for Medicare and Medicaid Services notifies the authority, in writing, that the  
20 amendment is a condition for approval of the contract by the Centers for Medicare and Medicaid  
21 Services.

22 (7) If an amendment to a contract under subsection (6)(b) of this section or other circumstances  
23 arise that result in a claim by the authority for the recovery of amounts previously paid to a coordi-  
24 nated care organization by the authority, the authority shall ensure that the recovery does not  
25 have a material adverse effect on the coordinated care organization's ability to maintain the re-  
26 quired minimum amounts of risk-based capital.

27 (8) No later than 134 days prior to the end of a benefit period, the authority shall provide to  
28 each coordinated care organization notice of the proposed changes to the terms and conditions of  
29 a contract, as will be submitted to the Centers for Medicare and Medicaid Services for approval, for  
30 the next benefit period.

31 (9) A coordinated care organization must notify the authority of the coordinated care  
32 organization's refusal to renew a contract with the authority no later than 14 days after the au-  
33 thority provides the notice described in subsection (8) of this section. Except as provided in sub-  
34 sections (10) and (11) of this section, a refusal to renew terminates the contract at the end of the  
35 benefit period.

36 (10) The authority may require a contract to remain in force into the next benefit period and  
37 be amended as proposed by the authority until 90 days after the coordinated care organization has,  
38 in accordance with criteria prescribed by the authority:

39 (a) Notified each of its members and contracted providers of the termination of the contract;

40 (b) Provided to the authority a plan to transition its members to another coordinated care or-  
41 ganization; and

42 (c) Provided to the authority a plan for closing out its coordinated care organization business.

43 (11) The authority may waive compliance with the deadlines in subsections (9) and (10) of this  
44 section if the Director of the Oregon Health Authority finds that the waiver of the deadlines is  
45 consistent with the effective and efficient administration of the medical assistance program and the

1 protection of medical assistance recipients.

2 **SECTION 2.** Section 2, chapter 441, Oregon Laws 2023, is amended to read:

3 **Sec. 2.** [*Notwithstanding ORS 414.590 (2)(a),*] A contract entered into between the Oregon  
4 Health Authority and a coordinated care organization under ORS 414.572 (1) that is in effect on [*the*  
5 *effective date of this 2023 Act*] **July 27, 2023**, shall be extended to December 31, 2026, **unless further**  
6 **extended by the authority.**

7 **SECTION 3.** The amendments to ORS 414.590 by section 1 of this 2025 Act apply to con-  
8 tracts between the Oregon Health Authority and a coordinated care organization that are in  
9 effect on the effective date of this 2025 Act or that are entered into, amended or renewed  
10 on or after the effective date of this 2025 Act.

11

---