

HB 4127 -1, -3, -4 STAFF MEASURE SUMMARY

House Committee On Health Care

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Meeting Dates: 2/3, 2/12

WHAT THE MEASURE DOES:

The measure directs the Oregon Health Authority (OHA) to adopt a fee-for-service payment mechanism to pay prohibited entities using state funds for services provided to medical assistance recipients on or after July 4, 2025. Creates a grant program to cover services provided by prohibited entities in certain situations and specifies when grant program becomes operative.

Detailed Summary:

- Defines “prohibited entity” as a nonprofit reproductive health care provider that is enrolled in the state medical assistance program and not eligible to receive federal Medicaid funds.
- Directs OHA to adopt a fee-for-service payment mechanism using only state funding sources to pay prohibited entities for services provided to medical assistance recipients on or after July 4, 2025.
- Specifies when a coordinated care organization may recover overpayment of claims paid to a prohibited medical entity.
- Directs OHA to create a grant program to use state funds to pay prohibited entities for services to medical assistance recipients. Specifies that the grant program becomes operative if a state or federal law is enacted that restricts a prohibited entity from enrolling in the state medical assistance program. Sunsets grant program on January 2, 2028.
- Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Annual costs of the measure
- Scope of Planned Parenthood services
- Fee for service payment model
- General budgetary cuts to human services in 2026
- Capacity of existing network to absorb additional patients

EFFECT OF AMENDMENT:

-1 Modifies language to clarify when grant program would become operative. Expands "law" to include "rule or regulation," and "enacted" to include "adopted."

-3 Modifies the definition of "prohibited entity" to a nonprofit reproductive health care provider that received more than \$800,000 in Medicaid reimbursements in 2023 and is not eligible to receive federal Medicaid funds. Expands "law" to include "rule, regulation, or other government action" and "enacted" to include "adopted or taken."

Fiscal impact: Fiscal impact issued.

Revenue impact: No revenue impact.

-4 Modifies the definition of "prohibited entity" to a nonprofit or privately owned entity that provides maternal health, women’s well-being and perinatal health services, is accredited by a national ambulatory health care accrediting organization, is enrolled in the state medical assistance program, and is not eligible to receive federal Medicaid funds.

BACKGROUND:

On July 4, 2025, President Trump signed H.R.1 (the “One Big Beautiful Bill Act”) into law, bringing significant changes to a number of federal programs, including Medicaid. Section 71113 of H.R. 1 prohibited federal Medicaid funds from being used to reimburse certain "prohibited entities" for a period of one year. Prohibited entities were defined as nonprofit health care organizations; essential community providers primarily offering family planning, reproductive health, and related medical services; entities providing abortions outside of federal Hyde Amendment exceptions, and entities that receive more than \$800,000 in Medicaid reimbursements in 2023. Existing federal law prohibits the use of federal funds to pay for abortions.

Two providers in Oregon meet the criteria to be classified as prohibited entities, the Planned Parenthood affiliates of the Columbia Willamette and of Southern Oregon. On November 18, 2025, the Joint Emergency Board voted to allocate \$7.5 million from the General Fund, in lieu of federal Medicaid funds, to OHA to pay Planned Parenthood affiliates in Oregon for reproductive health services rendered to Oregon Health Plan members.

House Bill 4127 directs the Oregon Health Authority to adopt a fee-for-service mechanism to pay certain medical entities for services provided to state medical assistance recipients on or after July 4, 2025; creates a grant program to cover the cost of services if an entity is prevented from enrolling in the state medical assistance program by another law, and requires that payment mechanisms use only state Medicaid funds.