

Enrolled
House Bill 4039

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

CHAPTER

AN ACT

Relating to medical assistance; creating new provisions; amending ORS 413.042 and 414.065; and declaring an emergency.

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

SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS chapter 414.

SECTION 2. (1) As used in this section:

(a) “Base data” means the eligibility, enrollment, encounter and other data used by the Oregon Health Authority to develop capitation rates for the following year.

(b) “Capitation rate” means a fixed dollar amount paid per member per month by the authority to a coordinated care organization for the provision of medical assistance to members of the coordinated care organization.

(2) The authority shall establish a transparent and data-driven process for developing capitation rates. As part of the rate development process, the authority shall:

(a) Reconcile the authority’s base data with data submitted by coordinated care organizations and identify any adjustments that the authority makes to the base data.

(b) Identify any material cost impact of changes made in a proposed contract or annual contract restatement and include that information in the report required under paragraph (e) of this subsection. In analyzing any material cost impact of contract changes, the authority shall separately identify the cost of the previous year’s contractual requirements and the cost of the new requirements in the proposed contract or contract restatement.

(c) Provide to each coordinated care organization a list of any outlier trends that appear to be affecting statewide average data.

(d) Provide to interested parties 90 days’ notice of discretionary changes to the authority’s schedule of fee-for-service reimbursement rates and, when necessary, make appropriate adjustments to the capitation rates developed under this section.

(e) Timely report the authority’s preliminary capitation rate determinations to the Oregon Health Policy Board. The report shall include the extent of the authority’s community engagement and input received from entities that serve medical assistance recipients in developing the preliminary capitation rates.

SECTION 3. Section 2 of this 2026 Act applies to plan years beginning on or after January 1, 2027.

SECTION 4. ORS 414.065 is amended to read:

414.065. (1)(a) Consistent with ORS 414.690, 414.710, 414.712 and, 414.766 **and section 2 of this 2026 Act** and other statutes governing the provision of and payments for health services in medical assistance, the Oregon Health Authority shall determine, subject to such revisions as it may make from time to time and to legislative funding:

(A) The types and extent of health services to be provided to each eligible group of recipients of medical assistance.

(B) Standards, including outcome and quality measures, to be observed in the provision of health services.

(C) The number of days of health services toward the cost of which medical assistance funds will be expended in the care of any person.

(D) Reasonable fees, charges, daily rates and global payments for meeting the costs of providing health services to an applicant or recipient.

(E) Reasonable fees for professional medical and dental services which may be based on usual and customary fees in the locality for similar services.

(F) The amount and application of any copayment or other similar cost-sharing payment that the authority may require a recipient to pay toward the cost of health services.

(b) The authority shall adopt rules establishing timelines for payment of health services under paragraph (a) of this subsection.

(2) In making the determinations under subsection (1) of this section and in the imposition of any utilization controls on access to health services, the authority may not consider a quality of life in general measure, either directly or by considering a source that relies on a quality of life in general measure.

(3) The types and extent of health services and the amounts to be paid in meeting the costs thereof, as determined and fixed by the authority and within the limits of funds available therefor, shall be the total available for medical assistance, and payments for such medical assistance shall be the total amounts from medical assistance funds available to providers of health services in meeting the costs thereof.

(4) Except for payments under a cost-sharing plan, payments made by the authority for medical assistance shall constitute payment in full for all health services for which such payments of medical assistance were made.

(5) Notwithstanding subsection (1) of this section, the Department of Human Services shall be responsible for determining the payment for Medicaid-funded long term care services and for contracting with the providers of long term care services.

(6) In determining a global budget for a coordinated care organization **pursuant to section 2 of this 2026 Act**:

(a) The allocation of the payment, the risk and any cost savings shall be determined by the governing body of the organization;

(b) The authority shall consider the community health assessment conducted by the organization in accordance with ORS 414.577 and reviewed annually, and the organization's health care costs; and

(c) The authority shall take into account the organization's provision of innovative, nontraditional health services.

(7) Under the supervision of the Governor, the authority may work with the Centers for Medicare and Medicaid Services to develop, in addition to global budgets, payment streams:

(a) To support improved delivery of health care to recipients of medical assistance; and

(b) That are funded by coordinated care organizations, counties or other entities other than the state whose contributions qualify for federal matching funds under Title XIX or XXI of the Social Security Act.

SECTION 5. ORS 413.042 is amended to read:

413.042. (1) In accordance with applicable provisions of ORS chapter 183, the Director of the Oregon Health Authority may adopt rules necessary for the administration of the laws that the Oregon Health Authority is charged with administering.

(2) Before adopting any permanent or temporary rule, except a procedural rule, the authority shall prepare a medical assistance cost impact statement that estimates the economic impact of the adoption of the rule on the state medical assistance program. The authority shall adopt the form of the statement.

SECTION 6. This 2026 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect on its passage.

Passed by House February 17, 2026

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Timothy G. Sekerak, Chief Clerk of House

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Julie Fahey, Speaker of House

Passed by Senate March 2, 2026

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Rob Wagner, President of Senate

Received by Governor:

.....M.,....., 2026

Approved:

.....M.,....., 2026

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2026

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Tobias Read, Secretary of State