

REVENUE: May have revenue impact, statement not yet issued

FISCAL: Fiscal statement issued

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Revenue by prior reference
Vote:	7 - 0 - 2
Yeas:	Bonamici, Bruun, Cannon, Flores, Kotek, Maurer, Greenlick
Nays:	0
Exc.:	Gelser, Richardson
Prepared By:	Sandy Thiele Cirka, Administrator
Meeting Dates:	3/19 (Access sub), 4/18 (Access sub), 4/20 (Full)

WHAT THE MEASURE DOES: Changes definition of a prepaid managed care organization to include any organization that provides certain services and not just to those that contract with the Department of Human Services. Requires a 5.5 percent assessment on all premiums paid to prepaid managed care organizations. Specifies sunset date of January 1, 2008 for assessment. Repeals sections of chapter 736, Oregon Laws 2003, that apply to other sunset dates, imposition and collection of assessments, and transfer of remaining funds to General Fund. Declares an effective date of 91st day after sine die of 74th Legislative Assembly.

ISSUES DISCUSSED:

- Provider taxes used by the state to “draw down” federal matching funds for Medicaid eligible services
- Background on federal provider tax program
- Review of Department of Human Services (DHS) current provider tax program
- Current population of Oregon Health Plan (OHP) Standard

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The 2003 Legislature created four new taxes, collectively referred to as the Medical Provider Taxes: (1) Hospital Tax, (2) Long Term Care Facility Tax, (3) Medicaid Managed Care Tax, and (4) Tax on Programs of All-Inclusive Care for Elderly Persons. All four of these taxes were created in HB 2747 (2003). These taxes are used to finance Medicaid services and leverage additional federal funds.

The current assessment on each prepaid managed care health services organization subject to Medicare Provider taxes is imposed at a rate determined by the DHS Director, and may not exceed six percent of managed care premiums paid to an organization. The rate applies to premiums received by these organizations before January 1, 2008. The revenues from this tax are deposited into the Medical Care Quality Assurance Fund and are to be used to fund an OHP Standard population hospital benefit funded through Medicaid and funding the state medical assistance program.