

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: Carter, Gordly, Courtney, Monnes Anderson

Nays: 0

Exc.: Kruse

Prepared By: Shannon Strumpfer, Administrator

Meeting Dates: 5/31

WHAT THE MEASURE DOES: Requires fully capitated health plans (FCHP) that do not have a contract with a hospital to provide services to pay at 80 percent of Medicare rate for the noncontracting hospital. Eliminates the current formula by which FCHPs must reimburse noncontracted hospitals for services. Sunsets on January 2, 2010.

ISSUES DISCUSSED:

- Current reimbursement formula for FCHPs
- The need to have predictable and understandable rate methodology for all parties
- Proposed amendment

EFFECT OF COMMITTEE AMENDMENT: Restores original language that was deleted due to technical error when the bill was engrossed.

BACKGROUND: Fully capitated health plans (FCHP) are similar to health maintenance organizations (HMOs) in that FCHPs receive a set amount of money per Oregon Health Plan (OHP) enrollee in return for providing the services for which the person is eligible, including inpatient hospital care. There are currently 14 FCHPs in Oregon that serve OHP clients. In some areas, the FCHP may not have a contract with a hospital to serve the FCHP's enrollees. In these situations, the rate that FCHPs must or are expected to pay for enrollees to use these hospital services has been a point of contention among the FCHPs and hospitals. In 2003, HB 3624 established a formula that FCHPs were required to pay for OHP enrollees when there was not a contract in place of other rates.