

# House Bill 2174

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Department of Human Services)

## 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 **as introduced**.

Requires Legislative Assembly to approve and fund separate levels of health services on prioritized list for Oregon Health Plan Plus and Oregon Health Plan Standard. Authorizes Department of Human Services to adjust level of covered health services on prioritized list for Oregon Health Plan Standard population when insufficient resources are available during biennium.

## A BILL FOR AN ACT

Relating to health services provided to persons eligible for Oregon Health Plan Standard; creating new provisions; and amending ORS 414.705, 414.707, 414.709, 414.735, 414.736 and 414.740.

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

**SECTION 1.** ORS 414.705 is amended to read:

414.705. *[(1)]* As used in ORS 414.705 to 414.750, "health services" means at least *[so]* **as much of each of the following as are on the prioritized list of health services described in ORS 414.720 and are** approved and funded by the Legislative Assembly:

*[(a)]* **(1)** Services required by federal law to be included in the state's medical assistance program in order for the program to qualify for federal funds;

*[(b)]* **(2)** Services provided by a physician as defined in ORS 677.010, a nurse practitioner certified under ORS 678.375 or other licensed practitioner within the scope of the practitioner's practice as defined by state law, and ambulance services;

*[(c)]* **(3)** Prescription drugs;

*[(d)]* **(4)** Laboratory and X-ray services;

*[(e)]* **(5)** Medical supplies;

*[(f)]* **(6)** Mental health services;

*[(g)]* **(7)** Chemical dependency services;

*[(h)]* **(8)** Emergency dental services;

*[(i)]* **(9)** Nonemergency dental services;

*[(j)]* **(10)** Provider services, other than services described in *[paragraphs (a) to (i), (k), (L) and (m) of this subsection]* **subsections (1) to (9), (11), (12) and (13) of this section**, defined by federal law that may be included in the state's medical assistance program;

*[(k)]* **(11)** Emergency hospital services;

*[(L)]* **(12)** Outpatient hospital services; and

*[(m)]* **(13)** Inpatient hospital services.

*[(2)]* **Health services approved and funded under subsection (1) of this section are subject to the prioritized list of health services required in ORS 414.720.]**

**SECTION 2.** ORS 414.707 is amended to read:

414.707. (1) Subject to funds available:

**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 (a) Persons who are categorically needy as described in ORS 414.025 (2)(n) and (o), and persons  
 2 under 19 years of age and pregnant women who are eligible to receive health services under ORS  
 3 414.706 **(2) and (3)**, are eligible to receive all the health services approved and funded by the Leg-  
 4 islative Assembly **for those eligible populations.**

5 (b) Persons described in ORS 414.708 are eligible to receive the health services described in ORS  
 6 414.705 [(1)(c), (f) and (g)] **(3), (6) and (7).**

7 (c) Persons 19 years of age and older who are eligible to receive health services under ORS  
 8 414.706 **(5)** are eligible to receive **all** the health services [*described in ORS 414.705 (1)(b) to (m)*]  
 9 **approved and funded by the Legislative Assembly for that eligible population.**

10 (2) Persons who are categorically needy as described in ORS 414.025 (2)(n) and (o), and persons  
 11 under 19 years of age and pregnant women who are eligible to receive health services under ORS  
 12 414.706 **(2) and (3)**, must be provided, at a minimum, the health services described in ORS 414.705  
 13 [(1)(a) to (g)] **(1) to (7).**

14 [(3) *Persons 19 years of age and older who are eligible to receive health services under ORS*  
 15 *414.706 must be provided, at a minimum, health services described in ORS 414.705 (1)(b) to (h).*]

16 [(4) **(3)** Persons described in ORS 414.708 must be provided, at a minimum, the health services  
 17 described in ORS 414.705 [(1)(c)] **(3).**

18 [(5) **(4)** The Department of Human Services shall:

19 (a) Develop at least three benefit packages of provider services to be offered under ORS 414.705  
 20 [(1)(j)] **(10)**; and

21 (b) Define by rule the services to be offered under ORS 414.705 [(1)(k)] **(11).**

22 [(6) *Notwithstanding ORS 414.735, the Legislative Assembly shall adjust health services funded*  
 23 *under ORS 414.705 (1) by increasing or reducing benefit packages or health services and, subject to*  
 24 *ORS 414.709, by increasing or reducing the population of eligible persons.*]

25 **SECTION 3.** ORS 414.709 is amended to read:

26 414.709. (1) Except as provided in subsection (2) of this section, if insufficient resources are  
 27 available during a biennium, the population of eligible persons receiving health services may not be  
 28 reduced below the population of eligible persons approved and funded in the legislatively adopted  
 29 budget for the Department of Human Services for the biennium.

30 (2) The Department of Human Services may [*periodically*] limit enrollment of persons described  
 31 in ORS **414.706 (5) and** 414.708 in order to stay within the legislatively adopted budget for the de-  
 32 partment.

33 **SECTION 4.** ORS 414.735 is amended to read:

34 414.735. (1) If insufficient resources are available during [*a contract period*] **the biennium:**

35 (a) The population of eligible persons determined by law shall not be reduced **except as au-**  
 36 **thorized in ORS 414.709.**

37 (b) The reimbursement rate for providers and plans established under [*the*] **a** contractual agree-  
 38 ment shall not be reduced **below the amount funded in the legislatively adopted budget for the**  
 39 **Department of Human Services for the biennium.**

40 (2) In the circumstances described in subsection (1) of this section, [*reimbursement shall be ad-*  
 41 *justed*] **cost savings shall be achieved** by [*reducing*] **eliminating** the health services for [*the*] **an**  
 42 eligible population [*by eliminating services*] in the **reverse** order of priority recommended by the  
 43 Health Services Commission, starting with the [*least important and progressing toward the most im-*  
 44 *portant*] **level approved in the legislatively adopted budget for the Department of Human**  
 45 **Services.**

1 (3) The Department of Human Services shall obtain the approval of the Legislative Assembly  
 2 or Emergency Board, if the Legislative Assembly is not in session, before instituting the reductions.  
 3 In addition, providers contracting to provide health services under ORS 414.705 to 414.750 must be  
 4 notified at least two weeks prior to any legislative consideration of such reductions. Any reductions  
 5 made under this section shall take effect no sooner than 60 days following final legislative action  
 6 approving the reductions.

7 **SECTION 5. If the federal Centers for Medicare and Medicaid Services must approve any**  
 8 **changes required by the amendments to ORS 414.707, 414.709 or 414.735 by sections 2 to 4 of**  
 9 **this 2007 Act, the Department of Human Services shall adopt rules implementing the**  
 10 **amendments to ORS 414.707, 414.709 and 414.735 by sections 2 to 4 of this 2007 Act as soon**  
 11 **as practicable after the department receives the approval.**

12 **SECTION 6.** ORS 414.736 is amended to read:

13 414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740, 414.741,  
 14 414.742, 414.743 and 414.744:

15 (1) "Designated area" means a geographic area of the state defined by the Department of Human  
 16 Services by rule that is served by a prepaid managed care health services organization.

17 (2) "Fully capitated health plan" means an organization that contracts with the Department of  
 18 Human Services on a prepaid capitated basis under ORS 414.725 to provide an adequate network  
 19 of providers to ensure that the health services provided under the contract are reasonably accessi-  
 20 ble to enrollees.

21 (3) "Physician care organization" means an organization that contracts with the Department of  
 22 Human Services on a prepaid capitated basis under ORS 414.725 to provide an adequate network  
 23 of providers to ensure that the health services described in ORS 414.705 [(1)(b), (c), (d), (e), (g) and  
 24 (j)] **(2), (3), (4), (5), (7) and (10)** are reasonably accessible to enrollees. A physician care organiza-  
 25 tion may also contract with the department on a prepaid capitated basis to provide the health ser-  
 26 vices described in ORS 414.705 [(1)(k) and (L)] **(11) and (12)**.

27 (4) "Prepaid managed care health services organization" means a managed physical health,  
 28 dental, mental health or chemical dependency organization that contracts with the Department of  
 29 Human Services on a prepaid capitated basis under ORS 414.725. A prepaid managed care health  
 30 services organization may be a dental care organization, fully capitated health plan, physician care  
 31 organization, mental health organization or chemical dependency organization.

32 **SECTION 7.** ORS 414.740 is amended to read:

33 414.740. (1) Notwithstanding ORS 414.738 (1), the Department of Human Services shall contract  
 34 under ORS 414.725 with a prepaid group practice health plan that serves at least 200,000 members  
 35 in this state and that has been issued a certificate of authority by the Department of Consumer and  
 36 Business Services as a health care service contractor to provide health services as described in ORS  
 37 414.705 [(1)(b), (c), (d), (e), (g) and (j)] **(2), (3), (4), (5), (7) and (10)**. A health plan may also contract  
 38 with the Department of Human Services on a prepaid capitated basis to provide the health services  
 39 described in ORS 414.705 [(1)(k) and (L)] **(11) and (12)**. The Department of Human Services may ac-  
 40 cept financial contributions from any public or private entity to help implement and administer the  
 41 contract. The Department of Human Services shall seek federal matching funds for any financial  
 42 contributions received under this section.

43 (2) In a designated area, in addition to the contract described in subsection (1) of this section,  
 44 the Department of Human Services shall contract with prepaid managed care health services or-  
 45 ganizations to provide health services under ORS 414.705 to 414.750.

