

House Bill 2952

Sponsored by Representative TOMEI; Representatives BUCKLEY, GILLIAM, HOLVEY, KOMP

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 prepaid managed care health services organization that does not file financial statement with Department of Consumer and Business Services to file financial reports with Department of Human Services as condition of contracting with Department of Human Services.

Requires Department of Human Services to prescribe reporting forms filed. Reports must include financial statement with supporting data and management salaries.

A BILL FOR AN ACT

1
2 Relating to financial reporting of prepaid managed care health services organizations contracting
3 with Department of Human Services; creating new provisions; and amending ORS 414.725.

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

5 **SECTION 1.** ORS 414.725 is amended to read:

6 414.725. (1)(a) Pursuant to rules adopted by the Department of Human Services, the department
7 shall execute prepaid managed care health services contracts for health services funded by the
8 Legislative Assembly. The contract must require that all services are provided to the extent and
9 scope of the Health Services Commission's report for each service provided under the contract. The
10 contracts are not subject to ORS chapters 279A and 279B, except ORS 279A.250 to 279A.290 and
11 279B.235. Notwithstanding ORS 414.720 (8), the rules adopted by the department shall establish
12 timelines for executing the contracts described in this paragraph.

13 (b) It is the intent of ORS 414.705 to 414.750 that the state use, to the greatest extent possible,
14 prepaid managed care health services organizations to provide physical health, dental, mental health
15 and chemical dependency services under ORS 414.705 to 414.750.

16 (c) The department shall solicit qualified providers or plans to be reimbursed for providing the
17 covered services. The contracts may be with hospitals and medical organizations, health mainte-
18 nance organizations, managed health care plans and any other qualified public or private prepaid
19 managed care health services organization. The department may not discriminate against any con-
20 tractors that offer services within their providers' lawful scopes of practice.

21 **(d)(A) The department shall establish annual financial reporting requirements for a pre-**
22 **paid managed care health services organization that does not file an annual financial state-**
23 **ment with the Department of Consumer and Business Services under ORS 731.574. The**
24 **Department of Human Services shall prescribe a reporting form. The reporting form may be:**

25 **(i) The annual financial statement and related supplements required by the Director of**
26 **the Department of Consumer and Business Services under ORS 731.574; or**

27 **(ii) A reporting form other than the statement and supplements described in sub-**
28 **subparagraph (i) of this subparagraph, provided the form elicits sufficiently detailed infor-**
29 **mation for the Department of Human Services to assess the financial condition of the**
30 **prepaid managed care health services organization including:**

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 **(I) A financial statement prepared according to generally accepted accounting principles**
 2 **with detailed supplemental reports to support the data in the financial statement; and**

3 **(II) A report of management salaries.**

4 **(B) The Department of Human Services shall require compliance with the provisions of**
 5 **this paragraph as a condition of entering into a contract with a prepaid managed care health**
 6 **services organization.**

7 (2) The department may institute a fee-for-service case management system or a fee-for-service
 8 payment system for the same physical health, dental, mental health or chemical dependency services
 9 provided under the health services contracts for persons eligible for health services under ORS
 10 414.705 to 414.750 in designated areas of the state in which a prepaid managed care health services
 11 organization is not able to assign an enrollee to a person or entity that is primarily responsible for
 12 coordinating the physical health, dental, mental health or chemical dependency services provided to
 13 the enrollee. In addition, the department may make other special arrangements as necessary to in-
 14 crease the interest of providers in participation in the state’s managed care system, including but
 15 not limited to the provision of stop-loss insurance for providers wishing to limit the amount of risk
 16 they wish to underwrite.

17 (3) As provided in subsections (1) and (2) of this section, the aggregate expenditures by the de-
 18 partment for health services provided pursuant to ORS 414.705 to 414.750 may not exceed the total
 19 dollars appropriated for health services under ORS 414.705 to 414.750.

20 (4) Actions taken by providers, potential providers, contractors and bidders in specific accord-
 21 ance with ORS 414.705 to 414.750 in forming consortiums or in otherwise entering into contracts to
 22 provide health care services shall be performed pursuant to state supervision and shall be consid-
 23 ered to be conducted at the direction of this state, shall be considered to be lawful trade practices
 24 and may not be considered to be the transaction of insurance for purposes of the Insurance Code.

25 (5) Health care providers contracting to provide services under ORS 414.705 to 414.750 shall
 26 advise a patient of any service, treatment or test that is medically necessary but not covered under
 27 the contract if an ordinarily careful practitioner in the same or similar community would do so un-
 28 der the same or similar circumstances.

29 (6) A prepaid managed care health services organization shall provide information on contacting
 30 available providers to an enrollee in writing within 30 days of assignment to the health services
 31 organization.

32 (7) Each prepaid managed care health services organization shall provide upon the request of
 33 an enrollee or prospective enrollee annual summaries of the organization’s aggregate data regarding:

- 34 (a) Grievances and appeals; and
- 35 (b) Availability and accessibility of services provided to enrollees.

36 (8) A prepaid managed care health services organization may not limit enrollment in a desig-
 37 nated area based on the zip code of an enrollee or prospective enrollee.

38 **SECTION 2. The amendments to ORS 414.725 by section 1 of this 2007 Act apply to a**
 39 **contract entered into by the Department of Human Services and a prepaid managed care**
 40 **health services organization on or after the effective date of this Act.**