

A-Engrossed
Senate Bill 1065

Ordered by the Senate February 13
Including Senate Amendments dated February 13

Sponsored by Senator MORRISETTE (Pre-session filed.)

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.

[Requires prepaid managed care health services organization that contracts with Department of Human Services to report to department all claims paid to rural health clinics for services provided to Medicaid-eligible enrollees in organization.] Requires Department of **Human Services** to pay **[clinics] rural health clinic** difference between rate paid to **clinic** by *[organization]* **nonstate payors** and clinic rate prescribed by department by rule **for services provided to Medicaid-eligible persons**.

[Permits exchange of Oregon Health Plan patient's protected health information between state health plan, prepaid managed care health services organization and rural health clinic when organization or clinic is providing health care services to patient.]

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to health care services; creating new provisions; amending ORS 414.725; and declaring an
3 emergency.

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) The department shall establish annual financial reporting requirements for prepaid managed
22 care health services organizations. The department shall prescribe a reporting procedure that elicits
23 sufficiently detailed information for the department to assess the financial condition of each prepaid

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 managed care health services organization and that includes information on the three highest
2 executive salary and benefit packages of each prepaid managed care health services organization.

3 (e) The department shall require compliance with the provisions of paragraph (d) of this sub-
4 section as a condition of entering into a contract with a prepaid managed care health services or-
5 ganization.

6 **(f)(A) A rural health clinic that receives a payment from a prepaid managed care health**
7 **services organization for services provided to a person eligible for health services under ORS**
8 **414.705 to 414.750 may report the payment to the department in accordance with require-**
9 **ments adopted by the department by rule.**

10 **(B) The department shall prescribe by rule the timing, form and contents of the report**
11 **described under subparagraph (A) of this paragraph.**

12 **(C) Within 45 days of receiving the report under this paragraph from a rural health clinic**
13 **on a claim, or within 30 days from the last day of the calendar month of receipt of the report,**
14 **whichever is later, the department shall issue a payment to the rural health clinic. The**
15 **amount of the payment shall be the difference between the total amount paid to the rural**
16 **health clinic from a prepaid managed care health services organization and other payors on**
17 **a claim and the amount due from the department to the rural health clinic on the claim**
18 **according to standards adopted by the department by rule.**

19 **(D) The department shall adopt by rule standards for the payment of claims for which**
20 **the department is unable to determine the amount of the payment due under subparagraph**
21 **(C) of this paragraph within the time frames specified in subparagraph (C) of this paragraph.**

22 **(E) "Rural health clinic," as used in this paragraph, shall be defined by the department**
23 **by rule and shall be consistent with the definition of that term in 42 U.S.C. 1395x(aa)(2).**

24 (2) The department may institute a fee-for-service case management system or a fee-for-service
25 payment system for the same physical health, dental, mental health or chemical dependency services
26 provided under the health services contracts for persons eligible for health services under ORS
27 414.705 to 414.750 in designated areas of the state in which a prepaid managed care health services
28 organization is not able to assign an enrollee to a person or entity that is primarily responsible for
29 coordinating the physical health, dental, mental health or chemical dependency services provided to
30 the enrollee. In addition, the department may make other special arrangements as necessary to in-
31 crease the interest of providers in participation in the state's managed care system, including but
32 not limited to the provision of stop-loss insurance for providers wishing to limit the amount of risk
33 they wish to underwrite.

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

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

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

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

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

6 (a) Grievances and appeals; and

7 (b) Availability and accessibility of services provided to enrollees.

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

10 **SECTION 2. The amendments to ORS 414.725 by section 1 of this 2008 Act apply to claims**
11 **billed by a rural health clinic to a prepaid managed care health services organization on or**
12 **after the effective date of this 2008 Act.**

13 **SECTION 3. This 2008 Act being necessary for the immediate preservation of the public**
14 **peace, health and safety, an emergency is declared to exist, and this 2008 Act takes effect**
15 **on its passage.**

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