

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 456

STATUS: A Engrossed

SUBJECT: Establishes the patient centered primary care home program and learning collaborative in the Office for Oregon Health Policy and Research. Creates the Statewide Health Improvement Program

GOVERNMENT UNIT AFFECTED: Department of Human Services, Department of Administrative Services

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DATE: May 5, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES – Department of Human Services:		
General Fund		
Professional Services	\$ 105,600	\$ -0-
Services and Supplies (Advisory Committee)	\$ 10,425	\$ 10,425
Special Payments (Pilot Grant Program)	\$ 300,000	\$ -0-
Total General Fund	\$ 416,025	\$ 10,425
Federal Fund		
Professional Services	\$ 105,600	\$ -0-
Services and Supplies (Advisory Committee)	\$ 10,425	\$ 10,425
Special Payments (Pilot Grant Program)	\$ 300,000	\$ -0-
Total Federal Funds	\$ 416,025	\$ 10,425
Total Funds		
Professional Services	\$ 211,200	\$ -0-
Services and Supplies (Advisory Committee)	\$ 20,850	\$ 20,850
Special Payments (Pilot Grant Program)	\$ 600,000	\$ -0-
Total Funds	\$ 832,050	\$ 20,850

EFFECTIVE DATE: July 1, 2009

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: This measure appropriates out of the General Fund an unspecified amount to the Department of Human Services (DHS) for the biennium beginning July 1, 2009 for:

1. the establishment of the patient centered primary care home program in the Office for Oregon Health Policy and Research (OHPR);
2. the establishment of a learning collaborative in which state agencies, private health insurance carriers, third party administrators and patient centered primary homes can communicate information, share best practices and coordinate efforts; and
3. the creation of the Statewide Health Improvement Program in DHS to support evidence-based community efforts to prevent chronic disease and reduce the utilization of expensive and invasive acute treatments.

The bill exempts the collaborative and associated payment reforms from state antitrust laws. The bill also provides the collaborative and associated payment reforms immunity from federal antitrust laws.

As funds are available, DHS may provide reimbursement in the state's medical assistance program for services provided by patient centered primary care homes. The measure contains broad language related to "as funds are available," and a specific funding source is not currently identifiable. Note that funds available to the agency not only includes the agency's (un-obligated and obligated) cash funds, but also can be interpreted as funds generated from such actions as a fee increase, asset sale or borrowing. The State's General Fund, through a Legislative Emergency Board or legislative session appropriation, could be yet another source of funding seen to be available to the agency.

The Director of DHS is charged with appointing a 15-member advisory committee to advise OHPR in carrying out the provisions of this bill. Members of the committee are not entitled to compensation, but may be reimbursed for actual and necessary expenses incurred in the performance of their official duties.

To comply with the provisions of this bill, DHS would contract with national experts to consult in the design and implementation of these programs. Based on the contract rates of related/similar projects, DHS estimates 2,112 hours at \$100 per hour for a total one-time Professional Services cost of \$211,200 for the 2009-11 biennium. Meetings, administrative support and reimbursement expenses for the advisory committee are estimated at \$20,850 per biennium.

The bill requires DHS (in collaboration with health insurers and purchasers of health plans including the Public Employees' Benefit Board, the Oregon Educators Benefit Board and other members of the patient centered primary care home learning collaborative and the patient centered primary care home program advisory committee) to develop, test and evaluate strategies that reward enrollees in publicly funded health plans for meeting the core attributes established in this measure. DHS anticipates allocating \$600,000 for a pilot grant program as a financial strategy for rewarding deserving enrollees.

The funding sources are allocated using the OHPR Medicaid match rate of 50 percent General Funds and 50 percent Federal Funds.

This measure requires the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB) to collaborate with DHS lead efforts to comply with the provisions of the bill. The Department of Administrative Services reports that assuming a supportive role, the fiscal impact on PEBB and OEBB, if this bill passes, would be minimal. OEBB and PEBB would participate in the required DHS lead efforts, using existing staffing and resources.

This bill requires budgetary action for appropriation of General Fund.