

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

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**MEASURE NUMBER:** SB 914

**STATUS:** A Engrossed

**SUBJECT:** Requires prepaid managed care health services organizations to contract with a community health center or safety net clinic for covered services. Requires the Department of Human Services to adopt standards for the contracts entered into between centers or clinics and organizations.

**GOVERNMENT UNIT AFFECTED:** Department of Human Services

**PREPARED BY:** Kim To

**REVIEWED BY:** John Britton

**DATE:** May 5, 2009

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<b>EXPENDITURES:</b>	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
Department of Human Services		
Special Payments – General Fund	\$ 2,540,128	\$ 4,764,578
Special Payments – Federal Funds	\$ 6,018,256	\$ 8,015,942
<b>Total Funds</b>	<b>\$ 8,558,384</b>	<b>\$ 12,780,520</b>

**EFFECTIVE DATE:** January 1, 2010

**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 requires prepaid managed care health services organizations to contract with community health centers or safety net clinics for covered services by the centers or clinics to an enrollee of the organization who is a recipient of medical assistance if the center or clinic providers are credentialed by the organizations and agree to contractual terms, conditions and reimbursement rates similar to those negotiated by the organizations with subcontractors providing the same or similar services. The bill directs the Department of Human Services to adopt standards for the contracts entered into between centers or clinics and organizations.

If this bill is enacted, the Division of Medical Assistance Programs (DMAP) will be required to reimburse these centers and clinics the difference between the payment they receive from managed care health services organizations and an encounter rate that represents the average cost for the service provided. These reimbursements are also known as “wrap payments” or “wrap around payments.” The \$8,558,384 Total Funds reimbursement increase (Special Payments) for the 2009-11 biennium is calculated assuming that passage of this bill will increase wrap around payment claims by 10 percent. These costs are allocated assuming a federal match of 63 percent. Note that the actual reimbursement claims will be dependent on a number of variables including (1) the number of newly contracted community health centers and safety net clinics; (2) the number of additional clients who will choose to obtain health services through community health centers or safety net clinics; and (3) the increase in services available through currently contracted community health centers or safety net clinics.

This bill requires budgetary action for allocation of General Fund resources.