

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

**MEASURE NUMBER:** SB 453

**STATUS:** A Engrossed

**SUBJECT:** Allows the Office for Oregon Health Policy and Research to establish advisory and technical committees for the implementation, refinement or further development of the comprehensive plan created by the Oregon Health Fund Board.

**GOVERNMENT UNIT AFFECTED:** Department of Human Services, Department of Consumer and Business Services, Department of Administrative Services, Oregon Judicial Department

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**DATE:** May 1, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES – Department of Human Services:</b>		
General Fund		
Personal Services	\$ 231,977	\$ 456,825
Professional Services (Consulting and Data Management)	\$ 1,372,500	\$ 457,500
Services and Supplies	\$ 90,818	\$ 106,920
<b>Total General Fund</b>	<b>\$ 1,695,295</b>	<b>\$ 1,021,245</b>
Federal Funds (Medicaid)		
Personal Services	\$ 363,497	\$ 424,255
Professional Services (Consulting and Data Management)	\$ 877,500	\$ 292,500
Services and Supplies	\$ 114,669	\$ 101,472
<b>Total Federal Funds</b>	<b>\$ 1,355,666</b>	<b>\$ 818,227</b>
Other Funds (Grants)		
Personal Services	\$ 162,010	\$ -0-
Professional Services (Consulting and Data Management)	\$ 0	\$ -0-
Services and Supplies	\$ 30,648	\$ -0-
<b>Total Other Funds</b>	<b>\$ 192,658</b>	<b>\$ -0-</b>
Total Funds		
Personal Services	\$ 757,484	\$ 881,080
Professional Services (Consulting and Data Management)	\$ 2,250,000	\$ 750,000
Services and Supplies	\$ 236,135	\$ 208,392
<b>Total Funds</b>	<b>\$ 3,243,619</b>	<b>\$ 1,839,472</b>

**EXPENDITURES -- Other Agencies – see analysis below.**

**POSITIONS / FTE:**

Operations and Policy Analyst 4 (Permanent Full-Time)	2/1.63	2/2.00
Operations and Policy Analyst 3 (Permanent Full-Time)	1/0.88	1/1.00
Research Analyst 3 (Permanent Full-Time)	1/0.88	1/1.00
Research Analyst 1 (Permanent Full-Time)	1/1.00	1/1.00
Procurement and Contract Specialist 3 (Permanent Full-Time)	1/0.50	1/1.00
<b>Total</b>	<b>6/4.89</b>	<b>6/6.00</b>

**EFFECTIVE DATE:** The bill includes an emergency clause and is effective on passage. The bill also includes an operative date of July 1, 2010 for certain sections, and also provides that the Office for Oregon Health Policy and Research may take action on the provisions in certain sections before the operative date.

**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 allows the Office for Oregon Health Policy and Research (OHPR) to establish advisory and technical committees for the implementation, refinement or further development of the comprehensive plan created by the Oregon Health Fund Board.

The bill directs OHPR to establish and maintain a program that requires reporting entities (e.g., insurers, health care service contractors, third party administrators, pharmacy benefit managers) to report health care data that will enable the state to monitor and provide analysis of health care utilization and costs statewide. Operative on July 1, 2010, the administrator of OHPR is to prescribe by rule the standards for establishing and maintaining a program that requires reporting entities to report data related to health care resources allocation, costs, comparative effectiveness, supply and demand including health care claims and enrollment information. Information collected should also include data related to race, ethnicity and primary language. The administrator will use data collected to give providers and consumers information to empower them to make economically sound and medically appropriate health care decisions. OHPR may take action before the operative date. The bill also requires DHS to collaborate with the Department of Consumer and Business Services (DCBS) and interested stakeholders in the development of this comprehensive health care information system.

To carryout the provisions of this bill, DHS anticipates establishing six positions (4.89 FTE / \$757,484 Total Funds for the 2009-11 biennium and 6.00 FTE / \$881,080 Total Funds for the 2011-13 biennium) and contracting with industry experts (\$2,250,000 Total Funds for 2009-11 and \$750,000 Total Funds for the 2011-13 biennium). The Department expects to receive approximately \$192,658 Other Funds in grants from the Robert Wood Johnson Foundation and the Northwest Health Foundation to cover a portion of Personal Services and Services and Supplies cost in the 2009-11 biennium. Professional Services costs are calculated using a customized blended Medicaid match rate for general Oregon Health Fund Board activities of 61 percent General Fund and 39 percent Federal Funds. The remainder of the program costs are calculated at the Medicaid Administrative match rate of 50 percent General Fund and 50 percent Federal Funds.

Senate Bill 453 represents a portion of a Policy Option Package (POP) within the Department of Human Services 2009-11 proposed budget. The \$7.6 million POP #389 includes \$1,668,688 General Funds, \$641,158 Other Funds and \$1,281,071 Federal Funds (\$3,590,917 Total Funds) for the "all payer, all claims" data collection program. POP #389 combines this work with six other Oregon Health Fund Board (OHFB) proposed initiatives.

This bill specifies that reporting entities that fail to comply with the reporting requirements are subject to a civil penalty. OHPR shall adopt a schedule of penalties not to exceed \$500 per day of violation. Under passage of this bill the Oregon Judicial Department (OJD) anticipates a minimal fiscal impact. Assuming that most reporting entities will comply with the reporting requirements, OJD estimates that a nominal number of civil penalties will be imposed, and expects a small number of appeals from the imposition of civil penalties. OJD estimates the cost for judge and legal staff for appeals to be \$700 per case.

Health insurance carriers for the Oregon Educators Benefit Board (OEBB) and the Public Employees' Benefit Board (PEBB) believe that the reporting requirements of this measure may result in increases in

administrative costs for the health insurance plans they administer. Reporting requirements established by OHPR may affect health plan design and contractual requirements which in turn may impact premium rates. At this time, the fiscal impact of the reporting requirements is indeterminate, contingent on the specific rules and standards to be developed by OHPR.

This measure stipulates that OHPR collaborates with the Department of Consumer and Business Services (DCBS) to develop a comprehensive health care system. DCBS reports that passage of this bill will have minimal fiscal impact on the Department. DCBS assumes a supporting role in this collaboration requiring minimal staff time. The bill is unclear as to authority of enforcement actions for violations for non-reporting. If DCBS is required to provide enforcement, based on current authorized health insurance companies and licensed third-party administrators, the Insurance Division estimates an increase of 20 investigations per year for violations of non-reporting. Based on this assumption, DCBS would absorb the additional workload with existing staff and resources.

Note House Bill 2128 is similar to this measure.