

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number: HB 2116 - C
Revenue Area: Health Care
Economist: Dae Baek
Date: June 1, 2009

Measure Description: Establishes the Health System Fund (HSF). Creates 1% assessment on specified health insurance premiums to be administered by the Department of Consumer and Business Services. Directs the assessment to be paid into the HSF. Creates 1% assessment on capitation payments to a Medicaid managed care organization to be administered by the Department of Human Services (DHS). Directs the assessment to be deposited in the HSF. Modifies Oregon Laws related to the hospital assessment imposed on the net revenue. Directs the DHS Director to consult hospital representatives in setting the hospital assessment rate. Directs any moneys in the Medical Care Quality Assurance Fund on or after October 1, 2009, to be transferred to the HSF.

Revenue Impact* (in \$Millions):

Source	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
Health System Fund	\$84.6	\$78.1	\$115.4	\$169.7	\$45.0
Insurance Premium	\$29.4	\$60.5	\$89.8	\$129.5	\$34.6
Medicaid managed care	\$7.9	\$17.7	\$25.6	\$40.1	\$10.4
Other**	\$47.3				
Hospital Assessment***	\$102.2	\$204.5	\$306.7	\$449.9	\$112.5

*DCBS and DHS provided crucial input to this revenue impact analysis. **Estimated balance in the Medical Care Quality Assurance Fund. ***Subject to change: see Impact Explanation.

Impact Explanation: All assessments in this bill apply from October 1, 2009. They sunset on September 30, 2013. While the assessment rates are fixed at 1% on health insurance premiums and Medicaid managed care capitation payments, the assessment rate on hospital net revenue is set by the DHS Director in consultation with hospital representatives. The rate will be set to achieve various policy objectives in relation to healthcare for qualified individuals. Policy decisions on the scope of programs and hospital reimbursement rates on different services will have an impact on the rate.

Creates, Extends, or Expands Tax Expenditure: Yes No