House Bill 3259

Sponsored by Representatives GREENLICK, HARKER; Representatives CANNON, DEMBROW, GARRETT, KOTEK

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 **as introduced.**

Changes calculation of capitation rates under Oregon Health Plan by specifying amount considered for payments to primary care providers.

A BILL FOR AN ACT

Relating to the Oregon Health Plan; creating new provisions; and amending ORS 414.705 and 414.741.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 414.705 is amended to read:

414.705. [*(1)*] As used in ORS 414.705 to 414.750[,]**:**

(1) "Health services" means at least so much of each of the following as are approved and funded by the Legislative Assembly:

(a) Services required by federal law to be included in the state's medical assistance program in order for the program to qualify for federal funds;

(b) Services provided by a physician as defined in ORS 677.010, a nurse practitioner certified under ORS 678.375 or other licensed practitioner within the scope of the practitioner's practice as defined by state law, and ambulance services;

(c) Prescription drugs;

(d) Laboratory and X-ray services;

(e) Medical supplies;

(f) Mental health services;

(g) Chemical dependency services;

(h) Emergency dental services;

(i) Nonemergency dental services;

(j) Provider services, other than services described in paragraphs (a) to (i), (k), (L) and (m) of this subsection, defined by federal law that may be included in the state's medical assistance program;

(k) Emergency hospital services;

(L) Outpatient hospital services; and

(m) Inpatient hospital services.

[*(2) Health services approved and funded under subsection (1) of this section are subject to the prioritized list of health services required in ORS 414.720.*]

(2) "Primary care provider" means a licensed physician, physician assistant or nurse practitioner whose specialty is family practice, general practice, internal medicine or pediatrics.

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.

SECTION 2. Section 3 of this 2009 Act is added to and made a part of ORS 414.705 to 414.750.

SECTION 3. Health services approved and funded by the Legislative Assembly are subject to the prioritized list of health services required in ORS 414.720.

SECTION 4. ORS 414.741 is amended to read:

414.741. (1) The Health Services Commission shall retain an actuary to determine the benchmark for setting per capita rates necessary to reimburse prepaid managed care health services organizations and fee-for-service providers for the cost of providing health services under ORS 414.705 to 414.750.

(2) The actuary retained by the commission shall use the following information to determine the benchmark for setting per capita rates:

(a) For hospital services, the most recently available Medicare cost reports for Oregon hospitals;

(b) For services of primary care providers, 150 percent of the Medicare Resource Based Relative Value Scale system conversion rates for Oregon in effect on January 1, 2010, as adjusted in accordance with the most recent Portland-Salem, OR-WA, Consumer Price Index for All Urban Consumers for Medical Care, as published by the Bureau of Labor Statistics of the United States Department of Labor;

[*(b)*] **(c)** For services of physicians licensed under ORS chapter 677 and other health professionals using procedure codes, **other than primary care providers,** the Medicare Resource Based Relative Value **Scale** system conversion rates for Oregon;

[*(c)*] **(d)** For prescription drugs, the most recent payment methodologies in the fee-for-service payment system for the Oregon Health Plan;

[*(d)*] **(e)** For durable medical equipment and supplies, 80 percent of the Medicare allowable charge for purchases and rentals;

[*(e)*] **(f)** For dental services, the most recent payment rates obtained from dental care organization encounter data; and

[*(f)*] **(g)** For all other services not listed in paragraphs (a) to [*(e)*] **(f)** of this subsection:

(A) The Medicare maximum allowable charge, if available; or

(B) The most recent payment rates obtained from the data available under subsection (3) of this section.

(3) The actuary shall use the most current encounter data and the most current fee-for-service data that is available, reasonable trends for utilization and cost changes to the midpoint of the next biennium, appropriate differences in utilization and cost based on geography, state and federal mandates and other factors that, in the professional judgment of the actuary, are relevant to the fair and reasonable estimation of costs. The Department of Human Services shall provide the actuary with the data and information in the possession of the department or contractors of the department reasonably necessary to develop a benchmark for setting per capita rates.

(4) The commission shall report the benchmark per capita rates developed under this section to the Director of the Oregon Department of Administrative Services, the Director of Human Services and the Legislative Fiscal Officer no later than August 1 of every even-numbered year.

(5) The Department of Human Services shall retain an actuary to determine:

(a) Per capita rates for health services that the department shall use to develop the department's proposed biennial budget; and

(b) Capitation rates to reimburse physician care organizations for the cost of providing health services under ORS 414.705 to 414.750 using the same methodologies used to develop capitation rates

for fully capitated health plans. The rates may not advantage or disadvantage fully capitated health plans for similar services.

(6) The Department of Human Services shall submit to the Legislative Assembly no later than February 1 of every odd-numbered year a report comparing the per capita rates for health services on which the proposed budget of the department is based with the rates developed by the actuary retained by the Health Services Commission. If the rates differ, the department shall disclose, by provider categories described in subsection (2) of this section, the amount of and reason for each variance.
