

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 210 - A

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:

Requires Oregon Health Authority to reimburse primary care practitioners, directly or through prepaid managed care health services organizations, at a rate equal to or greater than the Medicare reimbursement rate.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Expenditure Impact:

See Analysis

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:

Senate Bill 210 requires the Oregon Health Authority (OHA) to reimburse primary care practitioners paid on a fee-for-service and managed care basis at a rate equal to or greater than 150% of the resource-based relative value scale for the practitioners on July 1, 2011. Beginning July 1, 2013, the bill requires OHA to reimburse primary care practitioners at a rate equal to or greater than the rate established for the previous biennium, multiplied by the increase in the Portland-Salem Consumer Price Index for All Urban Consumers for Medical Care as reported by the United States Bureau of Labor Statistics. The bill has an emergency clause and takes effect on passage. The bill is effective July 1, 2011.

Passage of this bill has no bottom-line budget impact on the Oregon Health Authority, because the bill stipulates that the authority is required to pay these reimbursements out of moneys available to the authority for the budget period during which the reimbursement is to be made. However, please note the following impact:

1. The bill provides no limits to the services that would be subject to the reimbursement increase. OHA would be required to pay the increased reimbursement whether the provider was providing a primary care service or not. As defined by the bill, primary care practitioners specialize in family practice, general practice, internal medicine and pediatrics. Many internal medicine physicians and pediatricians practice as specialists providing services beyond what would be considered primary care.
2. The authority will have to implement the reimbursement increases without additional money in its budget. OHA reports that to remain in budget, the authority would have to create savings by reducing payments to other providers, including but not limited to, specialty care, inpatient hospital services, outpatient hospital services and durable medical equipment. The agency estimates that the reimbursement increase in 2011-13 to primary care practitioners would be about \$110 million Total Funds, with an identical decrease to other providers.