

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 214

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

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### Measure Description:

Requires Oregon Health Authority to reconcile claims made by and payments due to prepaid managed care health services organizations no later than 90 days after effective date of Act and to pay claims identified within 30 days.

### 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:

SB 214 requires the Oregon Health Authority (OHA), within 90 days after effective date of this Act, to reconcile claims made by prepaid managed care health services organizations (MCOs) between December 9, 2008 and the date that is 90 days after the effective date of this Act. In addition, OHA is directed to pay all claims no later than 30 days after the claims or payments are identified in the reconciliation. The bill also requires OHA to contract with an independent auditor to certify the completeness and accuracy of the reconciliation. OHA is directed to adopt rules establishing timelines to ensure payment of claims that comply with the requirements of this bill. The bill contains an emergency clause and takes effect on passage.

Under existing state and federal regulations as well as existing service contracts, OHA is already required to ensure that all claims for health services are paid within 90 days or less of the date the claim is submitted. However, due to issues with the system used to process and pay claims for health services and MCOs, some payments were not made, contained errors, or were paid in error. The Department of Human Services and OHA have been working with the system's developer to resolve these issues and correct payments. A plan to rectify these system issues, and to reconcile claims and payments has been developed and implemented. Assuming that the current reconciliation process will be completed before June 30, 2011, and assuming passage of this bill on July 1, 2011, OHA anticipates the only expenditure impact of this bill will be the cost of contracting with an independent auditor which the department estimates to be \$300,000 (50% General Fund and 50% Federal Funds).

If the bill becomes effective before July 1, 2011 or if the system corrections are not made in time to meet the reconciliation requirements by the bill's deadline, OHA may need additional temporary staffing resources to expedite the process.