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Measure Description:

Requires Oregon Health Authority to increase capitation rates paid to prepaid managed care health services organizations if changes in medical assistance benefits increase overall cost to organizations by one percent or more.

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:

The proposed legislation has been determined to have an indeterminate impact on the Oregon Health Authority (OHA).

SB 216 requires the OHA to increase capitation rates paid to managed care organizations at any point in time when the cumulative increase in overall cost to the organizations due to changes described in ORS 414.065 increases by one or more percent. The bill also requires that the percentage increase in capitation rates paid to organizations must be equal to or greater than the percentage increase in the overall cost to the organizations.

Under existing law, the OHA's contract with managed care organizations provides that if OHA's actuary determines that the cumulative adjustment to covered services on the prioritized list of health services results in a change of one percent or more, then the capitation rates will be adjusted, and the assumptions and methodologies used by the actuary will be made available to the organizations.

SB 216 would require OHA to increase capitation rates due to changes in ORS 414.065. The determinations in this statute include:

- The types and extent of medical and remedial care and services to be provided to each eligible group of recipients of medical assistance.
- Standards to be observed in the provision of medical and remedial care and services.
- The number of days of medical and remedial care and services toward the cost of which public assistance funds will be expended in the care of any person.
- Reasonable fees, charges and daily rates to which public assistance funds will be applied toward meeting the costs of providing medical and remedial care and services to an applicant or recipient.
- Reasonable fees for professional medical and dental services which may be based on usual and customary fees in the locality for similar services.
- The amount and application of any copayment or other similar cost-sharing payment that the authority may require a recipient to pay toward the cost of medical and remedial care or services.

At this time, is not possible to predict how often capitation rates would change with passage of this measure. According to OHA, increased expenditures over a 12-month period for a 1% increase in capitation rates are approximately \$17 million Total Funds (\$6 million General Fund).