

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 216 - A

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

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### Measure Description:

Prohibits the Oregon Health Authority from taking any action or series of specified actions that cumulatively increase the cost to a prepaid managed care health services organization, without prior approval by the Joint Committee on Ways and Means.

### Government Unit(s) Affected:

Oregon Health Authority (OHA)

### Summary of Fiscal 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 216 prohibits the Oregon Health Authority (OHA) from taking any action or series of specified actions that cumulatively increase the cost to a prepaid managed care health services organization of providing health services during a biennium by more than one percent, without prior approval by the Joint Committee on Ways and Means. The bill requires OHA to calculate the cumulative increase in the cost to a prepaid managed care health services organization of providing health services using an actuarially sound method. OHA is mandated to make the calculation publicly available. OHA is required to seek retroactive approval by the Joint Committee on Ways and Means for any actions taken during the 2011 contract year that increased the cost to prepaid managed care health services organizations of providing health services by more than one percent. The bill contains an emergency clause and takes effect on passage.

Passage of this bill is anticipated to have a fiscal impact on OHA. In order to comply with the provisions of this bill, OHA's Actuarial Services Unit anticipates contracting the services of an independent actuary to analyze the impact of the authority's actions on increasing costs to managed care organizations throughout the contract year that is independent of the normal capitation rate development process. OHA estimates this contract costs to be approximately \$369,600 Total Funds (\$184,800 General Fund and \$184,800 Federal Funds) per biennium.

This bill requires budgetary action for the allocation of General Fund.