

Prepared by: Kim To  
Reviewed by: Linda Ames, Steve Bender  
Date: 2/9/2012

---

**Measure Description:**

Establishes criteria for coordinated care organizations.

**Government Unit(s) Affected:**

Department of Consumer and Business Services (DCBS), Oregon Health Authority (OHA)

**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 1580 provides legislative approval to the Oregon Health Authority (OHA) to implement the Oregon Integrated and Coordinated Care Delivery System (CCOs) created during the 2011 legislative session via HB 3650 (2011). This system integrates and replaces an existing system of managed care organizations, mental health organizations, and dental care organizations for Medicaid and Oregon Health Plan patients. The bill authorizes the Department of Consumer and Business Services and OHA to enter into agreements governing the disclosure of information. The bill requires OHA to report to an appropriate legislative committee on a quarterly basis.

**Oregon Health Authority (OHA)**

Passage of SB 1580 is anticipated to result in savings for the Oregon Health Authority. However, at this time the savings and full fiscal impact of the bill is indeterminate. The bill provides legislative approval required under HB 3650 (2011) in order for OHA to implement the next steps to allow for Coordinate Care Organizations (CCOs). Savings realized will depend on how quickly CCOs are implemented.

OHA's legislatively adopted budget assumes savings in Medical Assistance Programs of \$239 million General Fund in the second year of the 2011-13 biennium as a result of transformation of the healthcare system. The potential cost savings generated by the policy changes in this bill are expected to constitute a portion of those anticipated savings.

In addition, without legislative approval to implement the Oregon Integrated and Coordinated Care Delivery System, OHA cannot obtain necessary federal approval of the changes to Medicaid, and cannot apply for related federal grants. However, at this time it is unknown how the changes to Medicaid will fiscally impact OHA. The Governor and OHA are in the process of working with the federal government to request funding to support healthcare transformation. The federal government has indicated support for providing financial resources to Oregon, however the exact amount is unknown at this time, and the requests for federal funding cannot be approved until the state takes legislative action to allow for the implementation of CCOs.

The bill makes the following clarifications, and sets the following requirements:

- Clarifies provider appeals process of CCO, and an appeals process to OHA.
- Requires CCOs to have community advisory council. Specifies meeting frequency and duties of community advisory councils.
- Clarifies that CCOs, contracted providers and public health entities can share information for care of CCO members.

- Clarifies the link between allocation of payment, and link to community needs assessment for global budgets.
- Clarifies that CCO experience and ability in the certification process to manage financial risk, and operate within a global budget to be considered in CCO criteria.
- Clarifies minimum reserve requirements as a minimum for CCOs based on existing contract requirements for managed care organizations.
- Clarifies that more than one CCO could be certified in geographic region.
- Clarifies provisions of state supervision of CCOs with regard to anti-trust laws.
- Requires inclusion of at least two licensed health care providers, including a primary care provider and a mental health provider, in the CCO governing body; inclusion of at least two members of the community; and inclusion of at least one member from the community advisory council.
- Requires OHA to report CCO costs for direct medical care and non-medical care, as well as OHA administrative costs each quarter to the Legislature.
- Directs OHA to work with communities to potentially leverage additional federal funding opportunities if CCOs contribute local funding streams.
- Establishes a nine-member metrics and scoring committee charged with using a public process to identify objective outcome and quality measures for health services provided by CCOs.
- Establishes an eight-member work group on Patient Safety and Defensive Medicine charged with introducing legislation to improve health care delivery and to reduce medical errors. OHA is required to provide staff support for the work group, and to reimburse members of the work group for travel and other expenses. The work group sunsets on the convening of the 2013 regular session.
- Requires OHA, upon request of a CCO, to assign to the CCO an employee, called an innovator agent to act as a single point of contact between the CCO and the authority. The innovator agent is required to be available to the organization on a day-to-day basis. The organization is allowed to provide work space to enable the agent to be co-located at a site of the CCO. The agent must observe meetings of the community advisory councils, and report on the meetings to OHA. Not less than once every quarter, all innovator agents must meet together in person to discuss ideas and innovations within their assigned CCOs.

The Oregon Health Authority reports that the authority will use existing staff and resources to carry out these provisions.

#### Department of Consumer and Business Services (DCBS)

SB 1580 allows DCBS and OHA to share information for purposes of carrying out financial reporting and administration over CCOs. The bill requires OHA to designate one state agency to which CCOs will report financial information. This provision of the bill is not anticipated to have a fiscal impact on either DCBS or OHA.