

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2216 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Kim To
Reviewed by: Linda Ames
Date: 3/12/2013**Measure Description:**

Repeals sunset on collection of hospital assessment.

Government Unit(s) Affected:

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.

Extend Existing 4.3% Hospital Assessment:**Expenditure Impact**

	2013-15 Biennium	2015-17 Biennium
Other Funds - Special Payments	600,000,000	90,000,000
Federal Funds - Special Payments	1,014,000,000	152,100,000
Total Funds	\$1,614,000,000	\$242,100,000

Revenue Impact

	2013-15 Biennium	2015-17 Biennium
Other Funds	600,000,000	90,000,000
Federal Funds	1,014,000,000	152,100,000
Total Funds	\$1,614,000,000	\$242,100,000

Additional 1% Hospital Assessments:**Expenditure Impact**

	2013-15 Biennium	2015-17 Biennium
Other Funds - Special Payments	145,000,000	20,700,000
Federal Funds - Special Payments	245,000,000	35,000,000
Total Funds	\$390,000,000	\$55,700,000

Revenue Impact

	2013-15 Biennium	2015-17 Biennium
Other Funds	145,000,000	20,700,000
Federal Funds	245,000,000	35,000,000
Total Funds	\$390,000,000	\$55,700,000

Analysis:Effective the 91st day after sine die, House Bill 2216 – A Engrossed:

1. Requires the Oregon Health Authority to establish a hospital performance program based on recommendations from a hospital performance metrics advisory committee, and using moneys from an amount equal to the federal financial participation received from one percentage point of the hospital assessment [Sections 1 and 7].
2. Authorizes OHA to make payments to hospitals using a new payment methodology that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery System [Sections 2 and 7].
3. Specifies that if the maximum assessment rate allowed under federal law is reduced requiring the Director to reduce Oregon's assessment rate, the moneys for the performance program will be reduced first [Section 3].
4. Allows OHA to use hospital assessment revenue from the Hospital Quality Assurance Fund to pay administrative costs incurred from establishing and supporting the hospital performance metrics advisory committee [Section 7].
5. Extends hospital assessment for hospitals for two more years to September 30, 2015 [Section 8].
6. Allows OHA to end the adjustment to the payments to Coordinated Care Organizations currently required under ORS 414.746 by repealing this statute operative April 1, 2014 [Sections 11 and 12 and 14].
7. Provides OHA to apply for any necessary federal approvals from the Centers for Medicare and Medicaid Services and inform Legislative Counsel upon receipt of federal approval or disapproval [Section 13].

OHA reports that through discussions with hospital representatives, the Governor's Office developed the Governor's budget to continue the hospital assessment as critical funding component for health services provided under the Oregon Health Plan. Those discussions included ending the hospital adjustment as part of the payments to managed care plans and Coordinated Care Organizations (CCOs), and replacing that adjustment with assessment-funded payments that OHA would make directly to hospitals. This bill is the result of those discussions and is in support of the Governor's budget, in which hospital assessment revenue replaces General Fund.

The Oregon Health Authority estimates the extension of the 4.3% hospital assessment for the Oregon Health Plan will generate \$600,000,000 in Other Fund revenue and \$1,014,000,000 in federal matching funds, totaling \$1,614,000,000 Total Fund impact for the seven quarters of the 2013-15 biennium; and \$242,100,000 Total Fund for one quarter of the 2015-17 biennium. The bill extends the hospital assessment to September 30, 2015.

The Governor's budget anticipated the Total Fund impact of the additional 1% assessment for hospitals to be \$375 million. However, based on the 1% hospital assessment and the updated Federal Medical Assistance Percentages (FMAP) rates, the Oregon Health Authority now estimate the assessment generating \$145 million in Other Fund revenue and \$245 million in federal matching funds, totaling \$390 million dollar Total Fund impact for the seven quarters of the 2013-15 biennium, and \$55,700,000 Total Fund for one quarter in the 2015-17 biennium. The bill authorizes OHA to use hospital assessment revenue from the Hospital Quality Assurance Fund to pay administrative costs incurred from establishing and supporting a hospital performance metrics advisory committee. OHA estimates that \$245 million (the amount equal to the federal financial participation received from one percentage point of the hospital assessment) will be available for the performance metrics program.