HB 2056A Overview

Introduced at the request of Governor John Kitzhaber for the Department of Human Services

What it does -

1. HB 2056A reauthorizes the current Long Term Care Facility Assessment and extends it until July 1, 2020.

2. The revenue from the assessment is projected to generate approximately $110 million in Other Funds revenue for the 2013-15 biennium. Along with associated Federal Funds the provider assessment is projected to generate $295.4 million in Total Funds this biennium. This revenue is assumed in the Governor's Recommended Budget.

3. HB 2056A also eliminates all exemptions from the long term care facility assessments with the exception of the Oregon Veterans Home. This provision is projected to generate $32.4 million in Total Funds ($12.3 million in Other Funds/$20.1 million Federal Funds). This revenue is assumed in the Governor's Recommended Budget. Currently there are 25 exempt facilities statewide, including the Oregon Veterans Home. Of these facilities, 18 have Medicaid contracts. 7 facilities choose not to accept Medicaid patients.

4. HB 2056A also reauthorizes the current Medicaid payment methodology for nursing facility services and establishes the funding levels for the 2013-15 biennium.

Other Key Issues -

5. HB 2056A provides a "safe harbor" exemption from anti-trust laws to allow DHS to convene local meetings of stakeholders designed to voluntarily develop strategies designed to make their local delivery system more efficient and cost effective. DHS has established a goal to reduce 1,500 excess licensed capacity nursing facility beds statewide as part of this process.

6. The legislation gives DHS the authority to develop criteria for "capacity reduction agreements" entered into voluntarily by providers in service areas with identified excess capacity. The legislation authorizes DHS to pay limited duration (four years) augmented rates as part of a capacity reduction agreement that meets state criteria. Only nursing facilities that meet quality standards will be eligible to participate in approved capacity reduction agreements. Facilities in rural or frontier areas identified as "essential long term care facilities" are not eligible to participate.

Capacity reduction initiatives are designed to make the Medicaid long term care delivery system more efficient and cost effective and promote long term cost savings. Current Certificate of Need laws would still permit new beds/licenses to be added in the future if bed need is demonstrated in a particular service area, although current utilization rates do not suggest such need to be likely for many years.

HB 2056-1 Section-by-Section Analysis

Introduced at the request of Governor John Kitzhaber, M.D.

The **Bold type** after the section number outlines if the section deals with a budget, policy and revenue issue.

Bill Section	Description of Proposed New Law or Change from Current Law
Section 2 **Policy**	1. Short narrative of Legislative findings on the purpose and objectives of empowering collaboration between DHS, service providers and community stakeholders to voluntarily develop strategies designed to make their local delivery system more efficient and cost effective. 2. Announces legislative goal of reducing statewide nursing facility bed capacity by 1,500 beds by 12/31/15. 3. Establishes a legal process by which providers may purchase and discontinue nursing facility services for the purpose of reducing statewide nursing facility bed capacity. 4. Provides exemption from antitrust laws under the state action doctrine for transactions outlined in this section conducted under the supervision of DHS. 5. Requires consultation with the Oregon Long Term Care Ombudsman for the purpose of assuring safe and dignified process for transitioning residents from closing facilities.
Section 3 **Policy**	1. Exempts "Essential long term care facility" from capacity reduction initiative for the purpose of promoting the continued operations of rural and frontier nursing facilities. 2. Eliminates the ability of nursing facilities to increase their capacity by the lesser of 10 beds or ten percent of existing capacity within a two-year period.
Section 4 **Policy**	Requires the Oregon Health Authority to act on completed application for expedited certificate of need review within 120 days of receipt.
Section 5 **Budget**	Eliminates provider tax exemptions for all nursing facilities except for veterans' homes. Exemptions end 1/1/14.
Section 6 **Revenue**	Extends the nursing facility provider tax through 7/1/20.
Section 7 **Budget**	1. Amends current law to rebase nursing facility Medicaid reimbursement annually. 2. Creates enhanced Medicaid rates for nursing facilities successfully completing a purchase which discontinues nursing facility bed capacity as outlined in section 2. Only purchases completed beginning 10/1/13 through 12/31/15 are eligible to qualify for enhanced rates. 3. Requires that only nursing facilities meeting quality standards are eligible for enhanced rates 4. Beginning 7/1/16, DHS will recalibrate nursing facility reimbursement at a cost percentile to a pro-rata level of the capacity reduction goal met at that date. If the goal is achieved then rates remain at the 63rd percentile of cost, if no capacity reduction is met, then rates are set at the 53rd percentile of cost.
Section 8 **Revenue**	Extends the provider tax collection period through 1/2/21.
Section 13 **Policy**	Sunset of capacity reduction laws on 6/30/20.
Section 14	Emergency clause.

Oregon
John A. Kitzhaber, MD, Governor

Governor's Commission on Senior Services

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Monday, April 1, 2013

Representative Mitch Greenlick, Chair
Representative Alissa Keny-Guyer, Vice-Chair
Representative Jim Thompson, Vice-Chair
House Health Care Committee

RE: House Bill 2056-1

Dear Chair Greenlick, Vice-Chairs Keny-Guyer and Thompson, and Members of the Committee:

At the most recent meeting of the Governor's Commission on Senior Services (GCSS) on March 20, 2013, the Commission unanimously adopted a resolution in support of House Bill 2056-1. HB 2056-1 is a vital piece of legislation that reauthorizes the Long Term Care Facility Assessment which is projected to generate $295.4 million in funding for services for low income seniors and people with disabilities. This revenue is assumed in the Governor's Recommended Budget, which GCSS has also endorsed.

HB 2056 also provides market based tools to the Department of Human Services (DHS) and providers which will encourage voluntary "capacity reduction agreements" by providers in service areas with identified excess capacity. GCSS agrees that helping nursing facilities operate at higher occupancy levels will enhance efficiency, help enable optimum staffing levels, enhance care and encourage better outcomes and lower re-hospitalization rates. Finally, incentives to produce higher occupancy levels will reduce fixed operating costs of providers, lowering per-patient day costs, slowing the growth of system-wide costs.

GCSS endorses HB 2056-1 and urges Members of the House Health Care Committee vote for its passage.

Thank you for your consideration.

Sincerely,

Judy Strand

Judy Strand, Chair
Governor's Commission on Senior Services

ORS 410.320(3): The Governor's Commission on Senior Services shall advise the Governor and the Director of Human Services on needs of elderly persons, and recommend actions by the Governor, the Department of Human Services, other governmental entities and the private sector, appropriate to meet such needs.

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April 1, 2013

Rep. Mitch Greenlick, Chair
House Committee on Health Care
900 Court Street NE
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Chair Greenlick:

AARP Oregon supports House Bill 2056 with the -1 amendment. The bill primarily does two things: reauthorizes the long-term facility assessment fee to July 1, 2020; and provides the Department of Human Services (DHS) the authority to develop criteria for "capacity reduction" agreements.

The revenue from the assessment fee is projected to generate approximately $110 million for the 2013-15 budget. With federal matching funds, the total funds generated are approximately $295 million. This revenue is assumed in both the Governor's Recommended Budget and the Co-Chairs' Budget. The use of the funds helps ensure that seniors and people with disabilities have access to the services and supports they need.

Capacity reductions agreements will be designed to make the Medicaid long term care delivery system more efficient and cost effective. The bill authorizes DHS to pay limited duration augmented rates as a part of the agreements that meet criteria. In addition, AARP Oregon appreciates the inclusion of the Long-Term Care Ombudsman in regional planning necessary to ensure the safety and dignity of residents living in facilities entering into capacity reduction agreements.

AARP Oregon urges your support of House Bill 2056-1. The long-term facility assessment fee is essential to the continued funding of Oregon's model long-term care system. The capacity reduction agreement is the next step of ongoing efforts to services and supports in a cost effective manner.

Thank you for your consideration,

Rick Bennett

Rick Bennett
Director, Government Relations
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To: Chair Greenlick, members of the House Committee on Health Care

RE: Support for HB 2056-1

The Alzheimer's Association Oregon Chapter urges you to support House Bill 2056 with the -1 amendments, which reauthorizes the Long Term Care Facility Assessment and creates a process for providing more efficient nursing facility services.

Oregon's long term care system is a model for the nation, and the use of this assessment helps ensure that sufficient resources are available for those who need it. The money raised through this assessment is matched with federal dollars to provide over $295 million per biennium in Total Funds for Medicaid long term care services. A large percentage of people served by these resources are Oregonians living with Alzheimer's disease. Without the renewal of this assessment, the services supporting these vulnerable Oregonians would be at risk of cuts, as both the Governor's Recommended Budget and the Co-Chair's budget have assumed this $295 million would be available, and these dollars go to provide Medicaid services in long term care settings.

We also support the inclusion of the Long Term Care Ombudsman in the section of the legislation regarding creating more efficiency with our nursing facilities. The Ombudsman is our most effective tool for ensuring patients' rights and needs are taken care of in the event of any changes to nursing facilities. We believe the legislation has incorporated sufficient safeguards for ensuring the safety of residents and access to services statewide.

YES on HB 2056

Oregon AFSCME urges your support for HB 2056 with the -1 amendments, a bill proposed by the Governor that would reauthorize the existing long term care facility assessment program.

The Governor's Recommended Budget assumes nearly $300 million in Total Funds from the reauthorization of the long term care facility assessment program. Without these funds, critical services to Oregon's seniors and people with disabilities will be jeopardized.

This program has been in place for the past decade and has successfully helped to leverage hundreds of millions of dollars in federal matching funds to meet the needs of vulnerable Oregonians.

Oregon AFSCME Council 75 Urges a YES Vote on HB 2056

Oregon
John A. Kitzhaber, MD, Governor

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1 April 2013

The Honorable Mitch Greenlick, Chair
The Honorable Alissa Keny-Guyer, Vice Chair
The Honorable Jim Thompson, Vice Chair
House Health Care Committee
900 Court St. NE
Salem, OR 97301

RE: House Bill 2056

Chair Greenlick, Vice-Chairs Keny-Guyer and Thompson, and Members of the Committee:

My name is Ruth McEwen, Vice-Chair of the Oregon Disabilities Commission.

The Oregon Disabilities Commission is in support of HB 2056 that reauthorizes the Lone Term Care Facility Assessment. The estimated income of $295.4 million in funds for services to seniors and people with disabilities is part of the Governor's Recommended Budget.

This bill provides market based tools to the Department of Human Services and providers which will encourage voluntary "capacity reductions agreements" by providers in service areas with identified excess capacity. A higher occupancy levels will enhance efficiency, help enable optimum staffing levels, enhances care and encourage better outcomes and lower re-hospitalization rates.

Therefore, the Oregon Disabilities Commission supports the passage of HB 2056.

Sincerely,

Ruth McEwen, Vice Chair

HB 2056A Timeline of Statutory Provisions

- 7/1/13 – Nursing facility provider tax reauthorized through 6/30/20.
- 7/1/13 – eliminates the ability of nursing facilities to increase capacity by the lesser or 10 beds or ten percent of existing capacity within a 2 year period.
- 7/1/13 – Rates rebased annually at the start of each fiscal year (July 1).
- 10/1/13 – Eligibility for 48 month augmented rates begin for qualified purchasers in "buy-and-close" transactions.
- 1/1/14 – Provider tax exemptions are eliminated, all licensed nursing facilities to pay "per patient day" assessment.
- 12/31/15 – Eligibility to qualify for augmented rates ends, last day to qualify for augmented rates for "buy-and-close" transactions.
- 7/1/16 – Nursing facility rebase percentile reimbursement reductions begin on a sliding scale, inversely proportional to the percentage of bed reduction goal met (more bed reduction met, less reduction in percentile level of reimbursement).
- 12/31/19 – Last day when any provider could receive an augmented rate.
- 6/30/20 – Entire bill sunsets.
- 1/2/21 – Provider tax collection period ends.