

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3260 - 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: 4/16/2013

Measure Description:

Requires Oregon Health Authority to conduct study or contract with third party to study and recommend best option for financing health care in state.

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.

Analysis:

House Bill 3260 A-Engrossed requires the Oregon Health Authority to conduct a study or to contract with a third party to conduct a study to examine options for financing health care delivery in Oregon. The options should include:

1. An option for a publicly financed single-payer model for financing privately delivered health care that is decoupled from employment and allows commercial insurance coverage only of supplemental health services not paid for under the option.
2. An option that allows individuals to choose between a publicly funded plan and private insurance coverage, and allows for fair and robust competition between public and private insurance.
3. The current health care financing system in the state that includes Coordinated Care Organizations, the Oregon health insurance exchange, and full implementation of the Affordable Care Act.
4. An option that provides essential health benefits, including preventive care and hospital services that is funded by a broad based and constitutionally dedicated sales tax that does not tax income or payroll.

The bill directs OHA to report on the progress of the study during the 2014 legislative session, and to submit the final report to the interim legislative committee no later than November 1, 2014. The bill sunsets January 2, 2016.

To carry out the work required by the bill, OHA anticipates contracting with a third party. Using cost information for comparable work conducted by the New York State Department of Health and Department of Insurance, the Oregon Health Authority estimates the cost of this study to be roughly \$600,000 Total Funds.

The bill instructs OHA to accept funding from a variety of sources to carry out this study. The bill stipulates that OHA is only obligated to conduct this study, if this external funding is available. Note, at this time no source of external funding has been identified.

REVENUE: No revenue impact
FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	9 - 0 - 0
Yeas:	Clem, Conger, Harker, Kennemer, Keny-Guyer, Lively, Thompson, Weidner, Greenlick
Nays:	0
Exc.:	0
Prepared By:	Tyler Larson, Administrator
Meeting Dates:	4/5, 4/12

WHAT THE MEASURE DOES: Requires Oregon Health Authority conduct study examining options for financing health care in Oregon. Specifies criteria and requires report include recommendation based on established criteria. Requires task force estimate potential savings to local governments and government agencies for each plan. Requires report to interim health care committees and to 2015 regular session of Legislative Assembly. Clarifies publicly financed single payer option is privately delivered. Adds option for sales-tax funded plan. Authorizes OHA accept funds to conduct study. Requires OHA use gifts, grants and other funds from public and private sources. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Health care study goals and options
- Challenges of controlling rising health care costs
- Challenges of ensuring all Oregonians have access to health care

EFFECT OF COMMITTEE AMENDMENT: Requires task force estimate potential savings to local governments and government agencies for each plan. Clarifies publicly financed single payer option is privately delivered. Adds option for sales-tax funded plan. Authorizes OHA accept funds to conduct study. Requires OHA use gifts, grants and other funds from public and private sources to finance study.

BACKGROUND: According to the Kaiser Family Foundation and Health Research and Educational Trust, health expenditures in the United States neared \$2.6 trillion in 2010, and total government healthcare spending accounted for 17.9 percent of the nation’s Gross Domestic Product. Family premiums in employer-sponsored health coverage have increased 97 percent since 2002. In addition, the U.S. Census Bureau reports that in the same year, 15.7 percent of the population had no health insurance.

In an attempt to better understand how to deliver health care to all Oregonians, House Bill 3260-A establishes criteria for evaluating health care delivery and financing in the state, and requires the Oregon Health Authority to conduct a study to determine what option best satisfies these criteria. The study will make recommendations as to what options most efficiently and effectively provide health care for all Oregonians.

4/16/2013 4:48:00 PM

This summary has not been adopted or officially endorsed by action of the committee.

A-Engrossed
House Bill 3260

Ordered by the House April 17
Including House Amendments dated April 17

Sponsored by Representatives DEMBROW, WILLIAMSON; Representative GELSER, Senators MONNES ANDERSON, SHIELDS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires Oregon Health Authority to conduct study or contract with third party to study and recommend best option for financing health care in state. Specifies criteria for evaluating options.

Requires report to interim health care committees and to 2015 regular session of Legislative Assembly.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to health care; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) The Legislative Assembly finds that the best system for the delivery and**
5 **financing of health care in this state will be the system that:**

6 (a) **Provides universal access to comprehensive care at the appropriate time.**

7 (b) **Ensures transparency and accountability.**

8 (c) **Enhances primary care.**

9 (d) **Allows the choice of health care provider.**

10 (e) **Respects the primacy of the patient-provider relationship.**

11 (f) **Provides for continuous improvement of health care quality and safety.**

12 (g) **Reduces administrative costs.**

13 (h) **Has financing that is sufficient, fair and sustainable.**

14 (i) **Ensures adequate compensation of health care providers.**

15 (j) **Incorporates community-based systems.**

16 (k) **Includes effective cost controls.**

17 (L) **Provides universal access to care even if the person is outside of Oregon.**

18 (m) **Provides seamless birth-to-death access to care.**

19 (n) **Minimizes medical errors.**

20 (o) **Focuses on preventative health care.**

21 (p) **Integrates physical, dental, vision and mental health care.**

22 (q) **Includes long term care.**

23 (r) **Provides equitable access to health care, according to a person's needs.**

24 (s) **Is affordable for individuals, families, businesses and society.**

25 **(2) To the extent practicable using only the funds received under section 2 of this 2013**
26 **Act, the Oregon Health Authority shall conduct a study or shall contract with a third party**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 to conduct a study overseen by the authority to examine at least four options for financing
2 health care delivery in this state, including:

3 (a) An option for a publicly financed single-payer model for financing privately delivered
4 health care, that is decoupled from employment and allows commercial insurance coverage
5 only of supplemental health services not paid for under the option.

6 (b) An option that allows a person to choose between a publicly funded plan, including a
7 basic health program under 42 U.S.C. 18051, and private insurance coverage and allows for
8 fair and robust competition among public plans and private insurance.

9 (c) The current health care financing system in this state, including the:

10 (A) Oregon Integrated and Coordinated Health Care Delivery System;

11 (B) Oregon health insurance exchange; and

12 (C) Full implementation of the Patient Protection and Affordable Care Act (P.L. 111-148),
13 as amended by the Health Care and Education Reconciliation Act (P.L. 111-152) and other
14 subsequent amendments.

15 (d) An option for a plan that provides essential health benefits, including preventive care
16 and hospital services, and that:

17 (A) Is funded by a broad based and constitutionally dedicated sales tax that does not tax
18 income or payroll;

19 (B) Allows a person to access the commercial market to purchase coverage that is not
20 covered under the plan;

21 (C) Limits the role of the plan to collecting and distributing revenue while preserving
22 private sector delivery options and optimizing consumer choice;

23 (D) Offers to Oregonians who earn more than 400 percent of the federal poverty guide-
24 lines a deductible plan that could be contributed to by employees and employers;

25 (E) Exempts Oregonians who earn no more than 400 percent of the federal poverty
26 guidelines from deductibles;

27 (F) Accesses all sources of available federal funding; and

28 (G) Identifies program savings that can be achieved by providing health care coverage
29 to all Oregonians, including but not limited to using the program to replace the state medical
30 assistance program and the medical portion of worker's compensation, then applies the
31 savings to finance the plan.

32 (3) The researchers conducting the study shall review and consider:

33 (a) Previous studies in this state of alternative models of health care financing or deliv-
34 ery.

35 (b) Studies of health care financing and delivery systems in other states and countries.

36 (c) This state's current health care reform efforts.

37 (d) The impact on and interplay with each option of all of the following:

38 (A) The Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the
39 Health Care and Education Reconciliation Act (P.L. 111-152) and other subsequent amend-
40 ments;

41 (B) The Employee Retirement Income Security Act of 1974; and

42 (C) Titles XVIII, XIX and XXI of the Social Security Act.

43 (4) The authority or the contractor shall prepare a report that summarizes the findings
44 of the study and:

45 (a) Analyzes the costs and benefits of requiring copayments and of not requiring

1 copayments.

2 (b) Describes options for health care financing by a government agency, by commercial
3 insurance and by a combination of both government and commercial insurance.

4 (c) For each option:

5 (A) Evaluates the extent to which the option satisfies the criteria described in subsection
6 (1) of this section;

7 (B) Estimates the cost of implementation, including anticipated costs from increased
8 services, more patients, new facilities and savings from efficiencies;

9 (C) Assesses the impact of implementation on the existing commercial insurance and
10 publicly funded health care systems;

11 (D) Estimates the net fiscal impact of implementation on individuals and businesses in-
12 cluding the tax implications;

13 (E) Assesses the impact of implementation on the economy of this state; and

14 (F) Estimates the potential savings to local governments and government agencies that
15 currently administer health care programs, provide health care premium subsidies or provide
16 funding for health care services.

17 (5) The report must include a recommendation for the option for health care delivery and
18 financing that best satisfies the criteria described in subsection (1) of this section and that:

19 (a) Maximizes available federal funding; and

20 (b) Ensures that health care providers receive adequate compensation for providing
21 health care.

22 **SECTION 2.** (1) The Oregon Health Authority shall accept gifts, grants and other funds
23 from public and private sources for the purpose of carrying out the study described in sec-
24 tion 1 of this 2013 Act.

25 (2) All moneys received by the authority under this section shall be paid into the State
26 Treasury and deposited to the credit of the Oregon Health Authority Fund established in
27 ORS 413.101. Such moneys shall be used by the authority solely for the purposes of section
28 1 of this 2013 Act.

29 **SECTION 3.** (1) The Oregon Health Authority shall report on the progress of the study
30 described in section 1 of this 2013 Act to the 2014 regular session of the Legislative Assembly.

31 (2) No later than November 1, 2014, the authority shall submit the report described in
32 section 1 of this 2013 Act to the interim committees on health care in the House of Repre-
33 sentatives and the Senate.

34 (3) The authority shall submit the report to the 2015 regular session of the Legislative
35 Assembly in the manner prescribed by ORS 192.245.

36 **SECTION 4.** Sections 1 and 2 of this 2013 Act are repealed on January 2, 2016.

37 **SECTION 5.** This 2013 Act being necessary for the immediate preservation of the public
38 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect
39 on its passage.

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