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# MEMORANDUM

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**To:** Human Services Subcommittee of the Joint Committee on Ways and Means

**From:** Kim To, Legislative Fiscal Office, 503-986-1830

**Date:** May 30, 2013

**Subject:** HB 2902B Relating to equal pay for health practitioners  
Work Session Recommendation

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HB 2902 B-Engrossed requires insurers to reimburse nurse practitioners and physician's assistants at the same rate as physicians for the same services according to the customary and usual fee for physicians in the area served. In addition, the bill establishes the 13-member Task Force on Primary and Mental Health Care Reimbursement charged with studying and making recommendations for a payment structure for the reimbursement by insurers of licensed physicians, physician assistants, and certified nurse practitioners.

The measure previously had hearings in the House Committee on Health Care on 3/1/2013, and 3/13/2013; and in the Senate Committee on Health Care and Human Services on 5/9/2013, and 5/23/2013.

The measure, the original staff measure summaries, and fiscal impact statements are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

## **What the measure does**

Current law allows health insurers to negotiate rates with physicians and nurse practitioners that can differ based on a provider's licensing, education, degree, credentials, and training. HB 2902 would prohibit this differentiation requiring insurers to reimburse nurse practitioners and physician's assistants at the same rate as physicians for the same services according to the customary and usual fee for physicians in the area served. .

The bill also establishes the 13-member Task Force on Primary and Mental Health Care Reimbursement charged with studying and making recommendations for a payment structure for the reimbursement by insurers of licensed physicians, physician assistants, and certified nurse practitioners. The task force is required to report its findings and recommendations to the regular sessions of the 2014 and 2015 Legislature. The bill contains an emergency clause, and is effective on passage.

**Fiscal impact**

Passage of this bill has is anticipated to have minimal impact on the Oregon Health Authority (OHA) and the Department of Consumer and Business Services (DCBS). The fiscal impact on Legislative Administration is indeterminate. Committee Services is directed to provide administrative and technical support to the task force. The Legislative Administration budget contains some funding for staffing and production of reports for interim committees. However, if the cumulative effect of the enactment of other bills exceeds expenditure levels assumed in the Legislative Administration’s budget, Legislative Administration may need to seek additional resources.

**Recommendation**

The measure is recommended to be moved to the Full Committee on Joint Ways and Means.

**Motion**

**Motion: Senator/Representative\_\_\_\_\_ move HB 2902 B-Engrossed to the Joint Committee on Ways and Means with a “do pass” recommendation as amended.**

**Assignment of Carriers**

Full: \_\_\_\_\_

Senate: \_\_\_\_\_

House: \_\_\_\_\_

## FISCAL IMPACT OF PROPOSED LEGISLATION

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

Measure: HB 2902 - B

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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Prepared by: Kim To  
Reviewed by: Daron Hill, Susie Jordan  
Date: 5/28/2013

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### **Measure Description:**

Requires insurers to reimburse physician assistants and nurse practitioners in independent practices at same rate as physicians for same services.

### **Government Unit(s) Affected:**

Legislative Administration, 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:**

House Bill 2902 requires insurers to reimburse nurse practitioners and physician's assistants at the same rate as physicians for the same services according to the customary and usual fee for physicians in the area served. Current law allows health insurers to negotiate rates with physicians and nurse practitioners that can differ based on a provider's licensing, education, degree, credentials, and training. HB 2902 would prohibit this differentiation. The bill:

- Applies to in-network services provided by physician assistants or nurse practitioners under contracts entered into or renewed on or after the effective date of the bill.
- Applies to out-of-network services provided by physician assistants or nurse practitioners on or after the effective date of the bill.
- Stipulates that the reimbursement requirements do not apply to insurers who employ physicians or licensed physician assistants or certified nurse practitioners to provide primary care or mental health services, and who do not compensate these practitioners on a fee-for-service basis.
- Specifies that an insurer may not reduce the reimbursement paid to a licensed physician in order to comply with the requirements of the bill.
- Provides that the parity of pay requirements apply to contracts entered into or renewed on or after January 1, 2014 and before January 1, 2018.
- Removes the pay requirements for licensed physician assistants effective January 2, 2018.

In addition, the bill establishes the 13-member Task Force on Primary and Mental Health Care Reimbursement charged with studying and making recommendations for a payment structure for the reimbursement by insurers of licensed physicians, physician assistants, and certified nurse practitioners. The task force is required to report its findings and recommendations to the regular sessions of the 2014 and 2015 Legislature. The bill contains an emergency clause, and is effective on passage.

### Legislative Administration

At this time, the fiscal impact of this bill on Legislative Administration is indeterminate. The staff of the Committee Services Office of Legislative Administration is directed to provide administrative and technical support to the task force. Although the bill specifies that claims for reimbursements of expenses incurred in performing functions of the task force are to be paid out of funds appropriated to the Legislative Administration Committee for purposes of the task force, the bill does not contain an appropriation. The Legislative Administration budget contains some funding for staffing and production

of reports for interim committees. However, if the cumulative effect of the enactment of other bills exceeds expenditure levels assumed in the Legislative Administration's budget, Legislative Administration may need to seek additional resources.

Department of Consumer and Business Services (DCBS)

Passage of this bill is anticipated to have minimal impact on the Department of Consumer and Business Services. DCBS will use existing staff and resources to review and approve plans.

Oregon Health Authority (OHA)

Passage of this bill is anticipated to have minimal impact on the Oregon Health Authority (OHA). The bill requires OHA representation on the task force. This fiscal assumes that OHA will reprioritize duties and responsibilities of existing staff to allow participation on the task force, and that any resulting work can be absorbed with existing resources.

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	6 - 1 - 2
<b>Yeas:</b>	Clem, Harker, Keny-Guyer, Lively, Thompson, Greenlick
<b>Nays:</b>	Conger
<b>Exc.:</b>	Kennemer, Weidner
<b>Prepared By:</b>	Tyler Larson, Administrator
<b>Meeting Dates:</b>	3/1, 3/13

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**WHAT THE MEASURE DOES:** Requires insurers reimburse physician assistant and certified nurse practitioner in independent practice at same rate as physician for same services. Defines “independent practice.”

**ISSUES DISCUSSED:**

- 2009 provider reimbursement reductions to physician assistants and certified nurse practitioners
- Impact of reimbursement parity on healthcare industry
- Personal stories of rural physician assistant and certified nurse practitioner and reduced reimbursement rates
- Training of physicians, certified nurse practitioners and physician assistants
- Proposed amendments

**EFFECT OF COMMITTEE AMENDMENT:** Limits equal pay requirements to physician assistant or certified nurse practitioner in independent practice. Removes emergency clause.

**BACKGROUND:** A Certified Nurse Practitioner (NP) is an Advanced Practice Registered Nurse who has completed graduate level education. A Physician Assistant (PA) is a healthcare professional trained to practice medicine as part of a team with a physician. Both NPs and PAs conduct physical exams, diagnose and treat illness, order and interpret tests, prescribe medications and counsel on preventive health care. Proponents assert that reduced reimbursement rates for NPs and PAs have threatened practices which provide primary care services to under-served communities in Oregon.

House Bill 2902-A requires insurers pay equal compensation to NPs and PAs in independent practice for primary care services as physicians when the same services under the same policy are provided.

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

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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**Action:** Do Pass with Amendments to the A-Engrossed Measure. (Printed B-Engrossed)

**Vote:** 5 - 0 - 0

**Yeas:** Knopp, Kruse, Shields, Steiner Hayward, Monnes Anderson

**Nays:** 0

**Exc.:** 0

**Prepared By:** Sandy Thiele-Cirka, Administrator

**Meeting Dates:** 5/9, 5/23

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**WHAT THE MEASURE DOES:** Requires insurers to reimburse physician assistants and nurse practitioners in independent practice at same rate as physicians for same services. Defines independent practice. Establishes 13-member Task Force on Primary Care Reimbursement Parity. Specifies members, directives and duties. Directs task force to report to 2014 and 2015 Legislative Assembly. Establishes January 2, 2018, sunset date. Declares emergency; specifies January 1, 2014 operative date for contracts renewed or entered into.

**ISSUES DISCUSSED:**

- Need for payment reform
- Reimbursement parity impact on healthcare industry
- Education and training requirements for physicians, certified nurse practitioners and physician assistants
- Differences between urban and rural healthcare access
- Personal experiences with reimbursement rates
- Proposed amendment

**EFFECT OF COMMITTEE AMENDMENT:** Establishes 13-member Task Force on Primary Care Reimbursement Parity. Specifies members, directives and duties. Directs task force to report to 2014 and 2015 Legislative Assembly. Establishes January 2, 2018 sunset date. Adds emergency clause, and specifies January 1, 2014 operative date for contracts renewed or entered into.

**BACKGROUND:** A Certified Nurse Practitioner (NP) is an Advanced Practice Registered Nurse who has completed graduate level education. A Physician Assistant (PA) is a healthcare professional trained to practice medicine as part of a team with a physician. Both NPs and PAs conduct physical exams, diagnose and treat illness, order and interpret tests, prescribe medications and counsel on preventive health care. Proponents assert that reduced reimbursement rates for NPs and PAs have threatened practices that provide primary care services to under-served communities in Oregon.

House Bill 2902-B requires insurers reimburse NPs and PAs in independent practice for primary care services at the same rate as physicians to contracts entered into or renewed on or after January 1, 2014 and before January 1, 2018. Additionally, the measure removes the pay requirements for licensed physician assistants effective January 2, 2018.

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