

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3309 - 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: 5/31/2013

**Measure Description:**

Establishes pilot project in Marion and Polk Counties in which board of directors of coordinated care organization may petition Director of Oregon Health Authority to remove board member by vote of two-thirds of membership under specified conditions. Requires reduction in reimbursement paid for services provided by health care entity represented by removed board member. Requires Oregon Health Authority to decertify coordinated care organization that fails to meet qualification criteria and requirements, fails to ensure member safeguards or fails to reduce reimbursement paid to health care entity represented by removed board member. Requires authority to report to Legislative Assembly on pilot project 12 months after effective date. Sunsets January 2, 2018.

**Government Unit(s) Affected:**

Oregon Health Authority (OHA)

**Analysis:**

The proposed legislation has been determined to have

**NO EXPENDITURE IMPACT**

on state or local government.

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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<b>Action:</b>	Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Referred to the Committee on Ways and Means
<b>Vote:</b>	7 - 1 - 1
<b>Yeas:</b>	Dembrow, Hicks, Holvey, Hoyle, Jenson, Kennemer, Garrett
<b>Nays:</b>	Berger
<b>Exc.:</b>	Barnhart
<b>Prepared By:</b>	Erin Seiler, Administrator
<b>Meeting Dates:</b>	5/13, 5/30

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**WHAT THE MEASURE DOES:** Directs Oregon Health Authority (OHA) to conduct pilot project in Marion and Polk Counties to permit board of directors of coordinated care organization (CCO) serving members residing in Marion and Polk County to petition OHA to remove board member by vote of two-thirds of membership under specified conditions. Board member removed and health care entity represented by board member may not contract with coordinated care organization for period of five years after removal or upon termination of pilot project, whichever is first. Prohibits board of directors of CCO from petitioning Director of OHA to remove board member who represents county government under pilot project. Requires OHA to report to House Interim Committee on Health Care on results of pilot project, no later than 12 months after effective date of Act.

**ISSUES DISCUSSED:**

- Complexity of coordinated care organizations (CCO's) and ability to hold boards accountable
- Health care transformation and unanticipated consequences
- Composition of CCO board, ability to remove board member
- Difficulties with any comprehensive reform
- Objectives and goals for CCO's
- CCO's working together in the community and with the community
- Impact on community of Salem residents for access to health care services
- Concerns about CCO's impacted
- Need for ongoing improvements and maintenance to achieve full transformation goals
- Possible amendment
- Current ability to remove individual from CCO board
- Constitutionality of measure
- Sanction to force resolution and collaboration
- Proper venue for resolving contract disputes between private parties
- Bylaws and governance documents appropriate place to handle board issues
- Appropriate governance model for CCO's
- Fiduciary responsibility of CCO board members
- Local control over CCO's governance
- Fiscal impact
- Scope of evaluation for interim committee on health care

**EFFECT OF COMMITTEE AMENDMENT:** Directs Oregon Health Authority (OHA) to conduct pilot project in Marion and Polk Counties to permit board of directors of coordinated care organization (CCO) serving members residing in Marion and Polk County to petition OHA to remove board member by vote of two-thirds of membership under specified conditions. Board member removed and health care entity represented by board member may not contract with coordinated care organization for period of five years after removal or upon termination of pilot project,

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whichever is first. Prohibits board of directors of CCO from petitioning Director of OHA to remove board member who represents county government under pilot project. Requires OHA to report to House Interim Committee on Health Care on results of pilot project, no later than 12 months after effective date of Act.

**BACKGROUND:** In 2012, Senate Bill 1580 was enacted, which approved the coordinated care organization (CCO) proposal from Oregon Health Authority (OHA). CCO's are local health entities that deliver health coverage to Oregon's Medicaid recipients, and are designed to more efficiently and effectively deliver health care by coordinating mental, physical and dental care. CCO's are required to have a governing body composed of financial contributors, health care providers and members of the community.

House Bill 3309-A directs OHA to conduct pilot project in Marion and Polk Counties to permit the board of directors of CCO's serving members residing in Marion and Polk County to petition OHA to remove a board member by vote of two-thirds of membership. Under the pilot project, the board member removed and health care entity represented by the board member may not contract with a coordinated care organization for a period of five years after removal or upon termination of the pilot project, whichever is first.

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Without Recommendation as to Passage and Be Referred to the Committee on Rules
<b>Vote:</b>	8 - 1 - 0
<b>Yeas:</b>	Clem, Conger, Harker, Kennemer, Keny-Guyer, Lively, Thompson, Greenlick
<b>Nays:</b>	Weidner
<b>Exc.:</b>	0
<b>Prepared By:</b>	Tyler Larson, Administrator
<b>Meeting Dates:</b>	4/12

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**WHAT THE MEASURE DOES:** Authorizes board of directors of coordinated care organization (CCO) petition Director of Oregon Health Authority (OHA) to remove board member by vote of two-thirds of membership under specified conditions. Requires reduction in reimbursement paid for services provided by health care entity represented by removed board member. Requires OHA decertify CCO that fails to meet qualification criteria and requirements, fails to ensure member safeguards or fails to reduce reimbursement paid to health care entity represented by removed board member.

**ISSUES DISCUSSED:**

- Moving measure to Rules

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** In 2012, Senate Bill 1580 was enacted, which approves Oregon Health Authority's coordinated care organization (CCO) proposal. CCOs are local health entities that deliver health coverage to Oregon's Medicaid recipients, and are designed to more efficiently and effectively deliver health care by coordinating mental, physical and dental care. CCOs are required to have a governing body composed of financial contributors, health care providers and members of the community.

House Bill 3309 allows a CCO to petition OHA to remove a board member by a two thirds majority vote, and reduces reimbursement for services provided by the health care entity represented by the removed board member.

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