

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 457 - 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: 4/19/2013

Measure Description:

Requires Oregon Health Authority to report to Seventy-eighth Legislative Assembly on changes necessary to implement federal health care law.

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:

Senate Bill 457 mandates that a health care insurance provider may not deny reimbursement for any service or supply covered by a benefit plan or cancel the coverage of an insured under plan because an insured is in the custody of a county sheriff's office, or because the insured receives medical care while in the custody of a county sheriff's office. The bill specifies that if a provider bills the keeper of a local correctional facility for a medical service provided to an individual in the custody of the facility, the provider may not bill for an amount that exceeds the amount that Medicare reimburse for the service.

Passage of this bill is anticipated to have a fiscal impact on the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB). However, this impact is indeterminate. PEBB and OEBB cannot estimate the number of PEBB and OEBB members who will be in sheriff custody during any plan year, or the number of times when county sheriffs or their agents have billed PEBB and OEBB for providing such care.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Referred to the Committee on Ways and Means
Vote:	4 - 0 - 1
Yeas:	Knopp, Kruse, Shields, Monnes Anderson
Nays:	0
Exc.:	Steiner Hayward
Prepared By:	Sandy Thiele-Cirka, Administrator
Meeting Dates:	4/11, 4/16

WHAT THE MEASURE DOES: Prohibits insurer offering health benefit plan from denying reimbursement for service or supply covered by plan or canceling coverage of insured under plan based on insured being in custody of county sheriff's office; insured receiving publicly funded medical care while in custody of county sheriff's office; or care was provided to insured by employee of or contractor with county sheriff's office. Specifies provider may not bill for amount greater than Medicare reimburses for billed service.

ISSUES DISCUSSED:

- Current expenses for county sheriff's departments
- Request for data on how many individuals in custody have insurance
- Medicaid coverage is discontinued
- Most insurance policies have a statement in the contract relating to arrests
- Potential fiscal impact

EFFECT OF COMMITTEE AMENDMENT: Replaces original measure.

BACKGROUND: Currently, when an individual is arrested, whether by the Oregon State Police, a City Police Officer or by a Sheriff's Deputy, the individual is housed in the county jail. The length of stay can be days, weeks, months and maybe years. Once the individual is placed in custody, Federal health care programs stop (Veterans Benefits, Medicaid, Medicare), state benefits stop (Oregon Health Plan) and private insurance coverage stops, leaving the inmate's health care costs to the public safety budget of the Office of Sheriff. The Oregon State Sheriffs' Association asserts that as health care costs increase, other functions of the Sheriff's office are underfunded.

Senate Bill 457-A prohibits private insurance companies from denying coverage or canceling a policy solely because the insured is in the custody of county jail and uses medical services from emergency rooms to hospital beds for outpatient services. The providers will be prohibited from charging more than the Medicare reimbursement rate.

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 457**

1 On page 1 of the printed A-engrossed bill, line 2, after “care” insert a
2 period and delete the rest of the line.

3 In line 7, after “(2)” insert “Except as provided in subsection (4) of this
4 section,”.

5 Delete lines 13 through 15 and insert:

6 “(c) The care was provided to the insured by an employee or contractor
7 of a county who is qualified to receive reimbursement under the health
8 benefit plan.

9 “(3) An insurer shall reimburse a county for the costs of covered
10 services”.

11 Delete lines 19 through 24 and delete page 2 and insert:

12 “(4) An insurer offering a health benefit plan may:

13 “(a) Deny coverage for the treatment of injuries resulting from a violation
14 of law;

15 “(b) Exclude from any requirements for reporting quality outcomes or
16 performance any covered services provided to an insured in the custody of
17 a county sheriff’s office;

18 “(c) Impose utilization controls under the health benefit plan, including
19 a requirement for prior authorization;

20 “(d) Impose the requirements for billing and medical coding that the
21 insurer imposes on other providers; and

22 “(e) Deny coverage of diagnostic tests or health evaluations required, as

1 a matter of course, for all individuals who are in the custody of the county
2 sheriff's office.

3 “(5) This section does not:

4 “(a) Impair any right of an employer to remove an employee from cover-
5 age under a health benefit plan if the employee is terminated;

6 “(b) Release other carriers from the requirement to coordinate benefits for
7 persons who are insured by more than one carrier; or

8 “(c) Limit an insurer's right to rescind coverage in accordance with ORS
9 743.894.

10 “(6) A public body, as defined in ORS 174.109, may not pay health benefit
11 plan premiums on behalf of a person who is in the custody of a county
12 sheriff's office.”.

13

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 457**

1 On page 1 of the printed A-engrossed bill, line 2, delete “and amending
2 ORS 169.166” and insert “amending ORS 169.166 and 442.480; appropriating
3 money; and declaring an emergency”.

4 On page 2, after line 27, insert:

5 **“SECTION 4. (1) As used in this section:**

6 **“(a) ‘Designated service site’ means a rural health clinic as defined**
7 **in 42 U.S.C. 1395x(aa)(2), a rural critical access hospital as defined in**
8 **ORS 315.613, a federally qualified health center as defined in 42 U.S.C.**
9 **1396d(l)(2) or any geographic area, population group or facility that is**
10 **located in Oregon and has been designated by the Health Resources**
11 **and Services Administration of the United States Department of**
12 **Health and Human Services as a health professional shortage area, a**
13 **medically underserved area or a medically underserved population.**

14 **“(b) ‘Health care practitioner’ means a:**

15 **“(A) Physician licensed under ORS chapter 677;**

16 **“(B) Registered nurse licensed under ORS 678.010 to 678.410;**

17 **“(C) Nurse practitioner licensed under ORS 678.375 to 678.390;**

18 **“(D) Physician assistant licensed under ORS 677.505 to 677.525; or**

19 **“(E) Certified registered nurse anesthetist licensed under ORS**
20 **chapter 678.**

21 **“(c) ‘Health care program’ means a health care education program**
22 **that:**

1 “(A) Meets the educational requirements for licensure as a health
2 care practitioner listed in paragraph (b) of this subsection; and

3 “(B) Is offered by a public or private not-for-profit educational in-
4 stitution that:

5 “(i) Is based, or has a campus, in Oregon; and

6 “(ii) Does not already participate in an exclusive state-funded
7 scholarship program that pays tuition for health care practitioners
8 who commit to practicing medicine in an underserved or rural area in
9 Oregon.

10 “(d) ‘Participant’ means a person who has been selected by the Of-
11 fice of Rural Health to receive a scholarship under subsection (5) of
12 this section.

13 “(e) ‘Prospective health care practitioner’ means a person who has
14 been accepted into, but has not yet started, a health care program.

15 “(f) ‘Service agreement’ means the agreement executed by a pro-
16 spective health care practitioner under subsection (3) of this section.

17 “(2)(a) There is created the Rural Health Scholars Initiative, to be
18 administered by the Office of Rural Health pursuant to rules adopted
19 by the office.

20 “(b) In administering the initiative, the office shall ensure that no
21 less than 25 percent of all scholarship moneys awarded under sub-
22 section (5) of this section are awarded to participants who are studying
23 to become primary care providers.

24 “(3) A person who wishes to participate in the initiative shall sub-
25 mit an application to the office in accordance with rules adopted by
26 the office. To be eligible to become a participant in the initiative, the
27 person must:

28 “(a) Be a prospective health care practitioner;

29 “(b) Be considered a resident of Oregon under rules adopted by the
30 office;

1 “(c) Execute a service agreement stating that:

2 “(A) Immediately upon the completion of the health care education
3 degree, residency or training, as established for each degree by the
4 office by rule, the participant will practice as a health care practi-
5 tioner in a designated service site, approved by the office, for one year
6 longer than the number of years the participant spent in the health
7 care program for which the participant received a scholarship; and

8 “(B) While practicing as a health care practitioner in a designated
9 service site during the period described in subparagraph (A) of this
10 paragraph, the participant must see all patients, regardless of any
11 patient’s ability to pay for services; and

12 “(d) Meet other requirements established by the office by rule.

13 “(4) The office may select participants from among the prospective
14 health care practitioners who submit applications as provided in sub-
15 section (3) of this section. The office shall give preference to prospec-
16 tive health care practitioners who are:

17 “(a) Individuals of rural heritage, as defined by the office by rule;

18 “(b) First generation college students; or

19 “(c) Individuals from a diverse or underrepresented community.

20 “(5) The office shall provide a scholarship covering the entire cost
21 of tuition and fees for the participant’s health care education in a
22 health care program.

23 “(6) A participant receiving a scholarship under subsection (5) of
24 this section who fails to complete the terms of the service agreement
25 shall repay to the office the amount received plus an additional pen-
26 alty of 25 percent of the amount received. The total amount to be paid
27 to the office under this subsection shall be reduced on a pro rata basis,
28 as computed by the total number of years agreed to in the service
29 agreement, for every full year that the participant complied with the
30 service agreement.

1 “(7) A participant receiving a scholarship under subsection (5) of
2 this section who fails to receive the health care degree for which the
3 scholarship was awarded shall repay to the office the amount received.

4 “(8) In the event that a participant is required to repay the office
5 under subsection (6) or (7) of this section, the office may:

6 “(a) Collect any amounts due;

7 “(b) Have any amounts due be collected by the Collections Unit in
8 the Department of Revenue under ORS 293.250; or

9 “(c) Contract with a collections agency to collect any amounts due.

10 “(9) The office may accept moneys from any public or private
11 source for the purposes of carrying out the provisions of this section,
12 including but not limited to public or private grants, donations or
13 gifts.

14 “(10) Any moneys received or collected by the office under sub-
15 sections (6) to (9) of this section shall be deposited in the Rural Health
16 Care Revolving Account established in ORS 442.480 and shall be used
17 for the purposes of the Rural Health Scholars Initiative created in this
18 section. The office may not use the moneys in the account for any
19 other purpose.

20 “(11) Not later than December 1 of each even-numbered year, the
21 office shall submit a report to the Legislative Assembly on the status
22 of the initiative. The report shall include, for the previous biennium:

23 “(a) The total number of active participants in the initiative; and

24 “(b) A breakdown of active participants in the initiative by health
25 care practitioner category.

26 “SECTION 5. The first report required under section 4 (11) of this
27 2013 Act is due on December 1, 2014.

28 “SECTION 6. In addition to and not in lieu of any other appropri-
29 ation, there is appropriated to the Oregon Department of Administra-
30 tive Services, for the biennium beginning July 1, 2013, out of the

1 **General Fund, the amount of \$1 for the Office of Rural Health for the**
2 **purpose of administering the Rural Health Scholars Initiative created**
3 **in section 4 of this 2013 Act.**

4 **“SECTION 7.** ORS 442.480 is amended to read:

5 “442.480. (1) There is established the Rural Health Care Revolving Ac-
6 count in the General Fund.

7 “(2) All moneys appropriated for the purposes of ORS 442.470 to 442.507
8 **or section 4 of this 2013 Act** and all moneys paid to the Office of Rural
9 Health by reason of loans, fees, gifts or grants for the purposes of ORS
10 442.470 to 442.507 **or section 4 of this 2013 Act** shall be credited to the
11 Rural Health Care Revolving Account.

12 “(3) All moneys contained in the Rural Health Care Revolving Account
13 are continuously appropriated to the Oregon Department of Administrative
14 Services for the Office of Rural Health and shall be used for the purposes
15 of ORS 442.470 to 442.507 **or section 4 of this 2013 Act.**

16 **“SECTION 8. This 2013 Act being necessary for the immediate**
17 **preservation of the public peace, health and safety, an emergency is**
18 **declared to exist, and this 2013 Act takes effect on its passage.”.**

19
