

**A-Engrossed  
House Bill 2091**

Ordered by the House March 21  
Including House Amendments dated March 21

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber, M.D., for Oregon Health Authority)

**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 report to Legislative Assembly on needed changes to private health option component of Health Care for All Oregon Children program.]*

**Repeals private health option component of Health Care for All Oregon Children program and requires orderly transfer of children enrolled in private health option to medical assistance program. Requires Oregon Health Authority to seek federal approval to provide medical assistance to children with family incomes above 200 percent of federal poverty guidelines and at or below 300 percent of federal poverty guidelines.**

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

Relating to the private health option of Health Care for All Oregon Children program; creating new provisions; amending ORS 414.231, 414.839, 735.701 and 735.710 and section 1, chapter 867, Oregon Laws 2009, and section 13, chapter 602, Oregon Laws 2011; repealing ORS 414.825, 414.826, 414.828 and 414.831; and declaring an emergency.

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

**ABOLISHMENT OF PRIVATE HEALTH OPTION IN  
HEALTH CARE FOR ALL OREGON CHILDREN PROGRAM**

**SECTION 1.** ORS 414.231 is amended to read:

414.231. (1) As used in this section, "child" means a person under 19 years of age.

(2) The Health Care for All Oregon Children program is established to make affordable, accessible health care available to all of Oregon's children. The program *[is composed of:]*

*[(a)]* **provides** medical assistance **to children**, funded in whole or in part by Title XIX of the Social Security Act, by the State Children's Health Insurance Program under Title XXI of the Social Security Act and by moneys appropriated or allocated for that purpose by the Legislative Assembly; *and]*

*[(b)]* A private health option administered by the Office of Private Health Partnerships under ORS 414.826].

(3) A child is eligible for the program if the child is lawfully present in this state and the income of the child's family is:

**(a)** At or below *[300]* **200** percent of the federal poverty guidelines~~].~~; **or**

**(b)** **Above 200 percent of the federal poverty guidelines and at or below 300 percent of the**

**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 **federal poverty guidelines, as long as federal financial participation is available for the costs**  
2 **of the coverage.**

3 (4) There is no asset limit to qualify for the program.

4 [(4)(a)] (5)(a) A child receiving medical assistance under the program is continuously eligible for  
5 a minimum period of 12 months.

6 (b) The Department of Human Services **or the Oregon Health Authority** shall reenroll a child  
7 for successive 12-month periods of enrollment as long as the child is eligible for medical assistance  
8 on the date of reenrollment **and there is federal financial participation in the costs of the**  
9 **child's coverage.**

10 (c) The department **and the authority** may not require a new application as a condition of re-  
11 enrollment under paragraph (b) of this subsection and must determine the child's eligibility for  
12 medical assistance using information and sources available to the department or documentation  
13 readily available.

14 [(5) Except for medical assistance funded by Title XIX of the Social Security Act, the department  
15 or the Oregon Health Authority may prescribe by rule a period of uninsurance prior to enrollment in  
16 the program.]

17 **SECTION 2.** ORS 414.839 is amended to read:

18 414.839. Subject to funds available, the Oregon Health Authority may provide medical assistance  
19 in the form of premium assistance for the purchase of health insurance coverage provided by public  
20 programs or private insurance, including but not limited to:

21 (1) The Family Health Insurance Assistance Program; **and**

22 (2) Medical assistance described in ORS 414.115[; and].

23 [(3) *The Health Care for All Oregon Children program established in ORS 414.231.*]

24 **SECTION 3.** (1) **The Oregon Health Authority shall request from the United States Sec-**  
25 **retary of Health and Human Services any approval necessary to obtain federal financial**  
26 **participation in paying the costs of providing medical assistance through the Health Care for**  
27 **All Oregon Children program to children whose family incomes are above 200 percent of the**  
28 **federal poverty guidelines and at or below 300 percent of the federal poverty guidelines and**  
29 **of transitioning children from the private health options to another medical assistance pro-**  
30 **gram. The authority shall notify Legislative Counsel immediately upon receipt of approval**  
31 **or disapproval.**

32 (2) **The authority may take any action necessary to implement the amendments to ORS**  
33 **414.231 by section 1 of this 2013 Act immediately upon receipt of federal approval, including**  
34 **but not limited to:**

35 (a) **Applying for federal grants or other federal moneys; and**

36 (b) **Adopting rules.**

37 **SECTION 4.** (1) **The Oregon Health Authority shall provide written advance notice to the**  
38 **adults who are responsible for all children enrolled in the private health option of the Health**  
39 **Care for All Oregon Children program, stating that the private health option of the program**  
40 **will be ending and that the children will be automatically enrolled in another medical as-**  
41 **sistance program.**

42 (2) **The authority shall ensure an orderly transfer of children enrolled in the private**  
43 **health option to another medical assistance program, in consultation with each carrier pro-**  
44 **viding coverage under the private health option, so that no children are enrolled in the pri-**  
45 **ivate health option on or after June 30, 2015.**

**CONFORMING AMENDMENTS**

**SECTION 5.** ORS 735.701 is amended to read:

735.701. (1) The Office of Private Health Partnerships is established in the Oregon Health Authority.

(2) The office shall carry out the duties described under ORS [414.826,] 414.841 to 414.864 and 735.700 to 735.710.

**SECTION 6.** ORS 735.710 is amended to read:

735.710. (1) In carrying out its duties under ORS 414.841 to 414.864 and 735.700 to 735.710, the Office of Private Health Partnerships may:

(a) Enter into contracts for administration of ORS 414.841 to 414.864 and 735.700 to 735.710, including collection of premiums and paying carriers.

(b) Retain consultants and employ staff.

(c) Enter into contracts with carriers or health care providers for health benefit plans for individuals and employers, including contracts where final payment may be reduced if usage is below a level fixed in the contract.

(d) Perform other duties to provide low-cost health benefit plans of types likely to be purchased by individuals and employers.

(2) The office shall establish procedures by rule for the publication or release of aggregate data relating to:

(a) Applicants for enrollment and persons enrolled in the Family Health Insurance Assistance Program;

(b) Health benefit plans for individuals and employers offered by the office; and

(c) Other programs operated by the office.

(3) With respect to health benefit plans contracted for or certified by the office under ORS 414.841 to 414.864 or 735.700 to 735.710, the office:

(a) Shall contract for or certify health benefit plans best designed to meet the needs and provide for the welfare of individuals, employees and employers.

(b) May approve more than one carrier for each type of plan contracted for or certified, but the number of carriers shall be held to a number consistent with adequate service to enrollees.

(c) May approve premium rates for health benefit plans for individuals and employers and may establish contributions to be paid by employers toward the premiums incurred on behalf of covered employees.

(d) Shall, where appropriate for a contracted and offered health benefit plan, provide options under which an employee may arrange coverage for family members of the employee.

(e) May provide an option of additional coverage for employees and family members at an additional cost or premium.

(f) Shall, by rule, establish a method for all enrollees to transfer enrollment from one health benefit plan to another.

(g) May require coverage of fewer health care services or benefits than is otherwise required by state law.

(h) Shall require health benefit plans certified by the office for the Family Health Insurance Assistance Program [or offered in the private health option under ORS 414.826] to provide a sufficient level of benefits to be eligible for a subsidy under ORS 414.844.

(4) The office may employ whatever means are reasonably necessary to carry out the purposes

1 of ORS 414.841 to 414.864 and 735.700 to 735.710. Such authority includes but is not limited to au-  
2 thority to seek clarification, amendment, modification, suspension or termination of any agreement,  
3 contract or certification that in the office's judgment requires such action.

4 **SECTION 7.** Section 1, chapter 867, Oregon Laws 2009, as amended by section 46, chapter 828,  
5 Oregon Laws 2009, section 2, chapter 73, Oregon Laws 2010, and section 31, chapter 602, Oregon  
6 Laws 2011, is amended to read:

7 **Sec. 1.** (1) The Health System Fund is established in the State Treasury, separate and distinct  
8 from the General Fund. Interest earned by the Health System Fund shall be credited to the fund.

9 (2) Amounts in the Health System Fund are continuously appropriated to the Oregon Health  
10 Authority for the purpose of funding the Health Care for All Oregon Children program established  
11 in ORS 414.231, health services described in ORS 414.025 (8)(a) to (j) and other health services.  
12 Moneys in the fund may also be used by the authority to:

13 (a) Provide grants to community health centers and safety net clinics under ORS 413.225.

14 (b) Pay refunds due under section 41, chapter 736, Oregon Laws 2003, and under section 11,  
15 chapter 867, Oregon Laws 2009.

16 (c) Pay administrative costs incurred by the authority to administer the assessment in section  
17 9, chapter 867, Oregon Laws 2009.

18 (d) Provide health services described in ORS 414.025 (8) to individuals described in ORS 414.025  
19 (3)(f)(B).

20 *[(3) The authority shall develop a system for reimbursement by the authority to the Office of Private*  
21 *Health Partnerships out of the Health System Fund for costs associated with administering the private*  
22 *health option pursuant to ORS 414.826.]*

23 **SECTION 8.** Section 13, chapter 602, Oregon Laws 2011, is amended to read:

24 **Sec. 13.** (1) The speed and pace of the transition to the Oregon Integrated and Coordinated  
25 Health Care Delivery System will be determined by the availability of coordinated care organiza-  
26 tions throughout the state.

27 (2) Using a meaningful public process, the Oregon Health Authority shall develop:

28 (a) Qualification criteria for coordinated care organizations in accordance with *[section 4 of this*  
29 *2011 Act]* **ORS 414.625**;

30 (b) A global budgeting process for determining payments to coordinated care organizations and  
31 for revising required outcomes with any changes to global budgets;

32 (c) A process for resolving a health care entity's refusal to contract with a coordinated care  
33 organization, as required by *[section 8 of this 2011 Act]* **ORS 414.635**;

34 (d) A process that allows a coordinated care organization to file financial reports with only one  
35 regulatory agency and does not require a coordinated care organization to report information de-  
36 scribed in ORS *[414.725 (1)(c)]* **414.651 (1)(c)** to both the authority and the Department of Consumer  
37 and Business Services; and

38 (e) Plans for contracts with coordinated care organizations for other public health benefit pur-  
39 chasers, *[including the private health option under ORS 414.826,]* the Public Employees' Benefit Board  
40 and the Oregon Educators Benefit Board.

41 (3) The authority, in consultation with the Department of Consumer and Business Services, shall  
42 develop a proposal for the financial reporting requirements for coordinated care organizations to  
43 be implemented under ORS *[414.725 (1)(c)]* **414.651 (1)(c)** to ensure against the organization's risk  
44 of insolvency. The proposal must include but need not be limited to recommendations on:

45 (a) The filing of quarterly and annual audited statements of financial position, including reserves

1 and retrospective cash flows, and the filing of quarterly and annual statements of projected cash  
2 flows;

3 (b) Guidance for a plain-language narrative explanation of the financial statements required in  
4 paragraph (a) of this subsection;

5 (c) The filing by a coordinated care organization of a statement of whether the organization or  
6 another entity, such as a state or local government agency or a reinsurer, will guarantee the  
7 organization's ultimate financial risk;

8 (d) The disclosure of a coordinated care organization's holdings of real property and its 20  
9 largest investment holdings, if any;

10 (e) The disclosure by category of administrative expenses related to the provision of health  
11 services under the coordinated care organization's contract with the authority;

12 (f) The disclosure of the three highest executive salary and benefit packages of each coordinated  
13 care organization;

14 (g) The process by which a coordinated care organization will be evaluated or audited for fi-  
15 nancial soundness and stability and the organization's ability to accept financial risk under its  
16 contracts, which process may include the use of employed or retained actuaries;

17 (h) A description of how the required statements and the final results of evaluations and audits  
18 will be made available to the public over the Internet at no cost to the public;

19 (i) A range of sanctions that may be imposed on a coordinated care organization deemed to be  
20 financially unsound and the process for determining sanctions; and

21 (j) Whether a new category of license should be created for coordinated care organizations re-  
22 cognizing their unique role but avoiding duplicative requirements for organizations that contract  
23 with the authority but are also licensed by the Department of Consumer and Business Services.

24 (4) The authority shall regularly report on the development of the plans, criteria and processes  
25 described in subsections (2) and (3) of this section to the Joint Interim Committee on Health Care  
26 Transformation or, if such committee has not been appointed, to another appropriate interim com-  
27 mittee of the Legislative Assembly.

28 (5) The authority shall present the proposals developed under this section to the Legislative  
29 Assembly for approval no later than February 1, 2012.

30 (6) Until the coordinated care organization qualification criteria and the global budgeting pro-  
31 cess are approved by the Legislative Assembly, the authority shall renew the contracts of prepaid  
32 managed care health services organizations, as defined in ORS 414.736, to provide health services.

33 (7) The authority shall prepare financial models and analyses to demonstrate the feasibility of  
34 a coordinated care organization being able to realize health care cost savings. The authority shall  
35 present the models and analyses to the Legislative Assembly along with the proposals developed by  
36 the authority under this section.

37 **SECTION 9. ORS 414.825, 414.826, 414.828 and 414.831 are repealed June 30, 2015.**

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39 **CAPTIONS**

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41 **SECTION 10. The unit captions used in this 2013 Act are provided only for the conven-**  
42 **ience of the reader and do not become part of the statutory law of this state or express any**  
43 **legislative intent in the enactment of this 2013 Act.**

44  
45 **EMERGENCY CLAUSE**

1        **SECTION 11. This 2013 Act being necessary for the immediate preservation of the public**  
2        **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
3        **on its passage.**

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