Enrolled
House Bill 2091

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

CHAPTER .....

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

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

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

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

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

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

SECTION 2. ORS 414.839 is amended to read:

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

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

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

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

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

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

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

(b) Adopting rules.

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

(2) The authority shall ensure an orderly transfer of children enrolled in the private health option to another medical assistance program, in consultation with each carrier providing coverage under the private health option, so that no children are enrolled in the private 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 of ORS 414.841 to 414.864 and 735.700 to 735.710. Such authority includes but is not limited to authority to seek clarification, amendment, modification, suspension or termination of any agreement, contract or certification that in the office's judgment requires such action.

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

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

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

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

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

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

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

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

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

Sec. 13. (1) The speed and pace of the transition to the Oregon Integrated and Coordinated Health Care Delivery System will be determined by the availability of coordinated care organizations throughout the state.

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

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

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

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

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

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

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

(a) The filing of quarterly and annual audited statements of financial position, including reserves and retrospective cash flows, and the filing of quarterly and annual statements of projected cash flows;

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

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

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

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

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

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

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

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

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

(4) The authority shall regularly report on the development of the plans, criteria and processes described in subsections (2) and (3) of this section to the Joint Interim Committee on Health Care

Transformation or, if such committee has not been appointed, to another appropriate interim committee of the Legislative Assembly.

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

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

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

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

CAPTIONS

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

EMERGENCY CLAUSE

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

Passed by House May 23, 2013

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Ramona J. Line, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate June 4, 2013

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2013

Approved:

.....M.,....., 2013

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John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2013

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Kate Brown, Secretary of State