

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2395 - A

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

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

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Date: 2/26/2015

Measure Description:

Extends hospital assessment from September 30, 2015, to September 30, 2019.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Expenditure Impact:

| | 2015-17 Biennium | 2017-19 Biennium |
|----------------------------------|-------------------------|-------------------------|
| Other Funds - Special Payments | \$880,000,000 | \$1,060,000,000 |
| Federal Funds - Special Payments | 2,412,000,000 | 2,906,000,000 |
| Total Funds | \$3,292,000,000 | \$3,966,000,000 |

Summary of Revenue Impact:

| | 2015-17 Biennium | 2017-19 Biennium² |
|----------------------------|-------------------------|-------------------------------------|
| Hospital Assessment | \$880,000,000 | \$1,060,000,000 |
| Federal Match ¹ | 2,412,000,000 | 2,906,000,000 |
| Total Funds | \$3,292,000,000 | \$3,966,000,000 |

¹ Estimates of Federal Match are based on forecasted mix of Oregon Health Plan (OHP) and Children’s Health Insurance Program (CHIP) clients.

² 2017-19 amounts are rough projections.

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 2395:

1. Extends hospital assessment for four more years from September 30, 2015 to September 30, 2019;
2. Extends the repeal of these assessment statutes from January 2, 2017 to January 2, 2024;
3. Extends the date for any moneys remaining in the Hospital Quality Assurance Fund to be transferred to the General Fund from December 31, 2019 to December 31, 2023;
4. Requires the Oregon Health Authority (OHA) to reapply for any necessary federal approvals from the Centers for Medicare and Medicaid Services;
5. Directs OHA to inform Legislative Counsel upon receipt of federal approval or disapproval; and
6. Repeals the sunset date of statutes related to mandatory reimbursement rates by CCOs to non-contracting hospitals.

The bill contains an emergency clause, and takes effect on passage.

The Oregon Health Authority estimates the extension of the hospital assessment will generate \$880 million in Other Funds revenue and \$2,412 million in federal matching funds, totaling \$3,745 million Total Fund impact for 2015-17 biennium; and \$1,060 million in Other Funds revenue and \$2,906 million in

federal matching funds, totaling \$3,966 million Total Fund for the 2017-19 biennium. A portion of the revenues will be used to fund the Oregon Health Plan. Moneys from an amount equal to the federal financial participation received from one percentage point of the hospital assessment will be split, with one-half used for a hospital performance program based on achievement of the performance standards recommended by the hospital performance metrics advisory committee. The other half will be annually distributed to coordinated care organizations (CCOs), based on recommendations made by the metrics and scoring committee.

This bill is anticipated in the Oregon Health Authority Governor's Budget.