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# MEMORANDUM

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**To:** Human Services Subcommittee of the Joint Committee on Ways and Means

**From:** Linda Ames, Legislative Fiscal Office  
503-986-1816

**Date:** June 23, 2015

**Subject:** SB 695 Relating to health care providers paid by the medical assistance program  
Work Session Recommendation

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SB 695-A allows the Oregon Health Authority (OHA) to continue to contract with prepaid managed care health services organizations to provide care to medical assistance recipients, by repealing the sunset of that authority. It also directs OHA to study the effectiveness of dental care organizations in providing dental care, and the integration of dental care organizations into coordinated care organizations. A General Fund appropriation of \$150,000 is included to fund the study.

The measure previously had hearings in the Senate Committee on Health Care on 4/13/2015, and in this Subcommittee on 6/16/15.

The proposed -A2 amendment deletes the requirement for a study, and also deletes the General Fund appropriation.

**Motion: I move the -A2 amendment to SB 695.**

## Measure as Modified

The measure is recommended to be amended and moved to the Full Committee on Joint Ways and Means.

**Motion: I move SB 695 to the Joint Committee on Ways and Means with a “do pass” recommendation, as amended.**

## Assignment of Carriers

Full: \_\_\_\_\_

Senate: \_\_\_\_\_

House:

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**PRELIMINARY STAFF MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Fiscal:** Fiscal impact issued

**Revenue:** No Revenue Impact

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**Action Date:**

**Action:**

**Meeting Dates:**

**Prepared By:** Linda Ames, Budget Analyst

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**WHAT THE MEASURE DOES:**

Repeals sunset on authority of Oregon Health Authority (OHA) to contract with prepaid managed care health services organizations to provide care to medical assistance recipients. Defines prepaid managed care health services organization as managed dental care, mental health or chemical dependency organization that contracts with OHA or coordinated care organization on prepaid, capitated basis. Directs OHA to study effectiveness of dental care organizations in providing dental care and integration of dental care organizations into coordinated care organizations. Allows contract with private entity to conduct study. Requires OHA to report effects to interim committee of Legislative Assembly and appropriates \$150,000 for biennium. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

Removes the requirement for a study, and removes the \$150,000 General Fund appropriation.

**BACKGROUND:**

House Bill 3650 (2011) and Senate Bill 1580 (2012) established the Oregon Integrated and Coordinated Health Care Delivery System to enroll individuals in the Oregon Health Plan (Medicaid program recipients) into coordinated care organizations. There are certain exceptions to enrollment in coordinated care organizations (e.g., people under age 18 years who are medically fragile) and about 50,000 members who are enrolled in prepaid managed care health services organizations. The legislation created a 2017 sunset on these organizations to provide medical care assistance on a prepaid capitated basis, which includes dental care organizations. Although these entities contract for the Oregon Health Plan enrollees, they do not hold an insurer certification from the Department of Consumer and Business Services.

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 695 - A2**

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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Prepared by: Kim To  
Reviewed by: Linda Ames  
Date: 6/18/2015

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**Measure Description:**

Repeals sunset on authorization for Oregon Health Authority to contract with prepaid managed care health services organization to provide care to medical assistance recipients.

**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 695 with the – A2 takes out the requirement for the Oregon Health Authority (OHA) to conduct a study to investigate the effectiveness of dental care organizations (DCOs) and the integration of DCOs into coordinated care organizations.

The bill also repeals the sunset on statutes authorizing (OHA) to contract with prepaid managed care health services organization to provide care to medical assistance recipients. These provisions do not create new responsibilities or new costs for Medical Assistance Programs.

Passage of this bill will have no fiscal impact to the Oregon Health Authority.

SB 695-A2  
(LC 1120)  
6/16/15 (LHF/ps)

**PROPOSED AMENDMENTS TO  
A-ENGROSSED SENATE BILL 695**

1 On page 1 of the printed A-engrossed bill, line 2, delete “creating new  
2 provisions;”.

3 On page 13, delete lines 11 through 22.

4 In line 23, delete “16. (1)” and insert “14.”.

5 Delete line 24.

6 In line 25, delete “17” and insert “15”.

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