
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

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

From: Kim To, Legislative Fiscal Office, 503-986-1830

Date: Tuesday, June 23, 2015

Subject: SB 900 Relating to health care price data
Work Session Recommendation

Senate Bill 900 requires the Oregon Health Authority (OHA) to post to its website, at least annually, health care information to empower consumers to make economically sound and medically appropriate decisions.

The measure previously had hearings in the Senate Committee on Health Care on 3/25/2015 and 4/8/2015.

The – A4 amendment, the original staff measure summary and the fiscal impact statement are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

The – A4 Amendment

The –A4 amendment:

- Clarifies that the information that OHA is required to post should originate only from data collected from insurers or fraternal benefit society, and third party administrators. The – A2 does not change the fiscal determination.

Fiscal Impact

The –A4 amendment appropriates \$238,276 General Fund for the 2015-17 biennium for the Oregon Health Authority to carry out the provisions of this bill.

Recommendation

LFO recommends moving the – A4 amendment into the bill.

Motion

Motion: Senator/Representative _____:
I move the dash A4 amendment into SB 900.

Motion

Motion: Senator/Representative _____:
I move SB 900 to the Full Committee with a “do pass” recommendation as amended.

Assignment of Carriers

Full: _____

Senate: _____

House: _____

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 900**

1 On page 2 of the printed A-engrossed bill, line 23, after “using” insert
2 “only” and after “section” insert “from reporting entities described in ORS
3 442.464 (1) to (3)”.

4 In line 24, delete “described”.

5 In line 25, delete “in ORS 442.464 (1) to (4)”.

6 On page 3, after line 38, insert:

7 **“SECTION 3. In addition to and not in lieu of any other appropri-**
8 **ation, there is appropriated to the Oregon Health Authority, for the**
9 **biennium beginning July 1, 2015, out of the General Fund, the amount**
10 **of \$238,276, which may be expended for the purpose of carrying out**
11 **ORS 442.466 (5) as amended by section 1 of this 2015 Act.”.**

12 In line 39, delete “3” and insert “4”.

13 In line 41, delete “4” and insert “5”.

14

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 900 - A4**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Kim To
Reviewed by: Linda Ames
Date: 6/22/2015

Measure Description:

Requires Oregon Health Authority to be responsible for posting to its website health care price data for inpatient and outpatient hospital services.

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 900 requires the Oregon Health Authority (OHA) to post to its website, at least annually, health care information to empower consumers to make economically sound and medically appropriate decisions. The bill specifies the information that must be posted on the website. The bill permits OHA to apply for donations, gifts and grants to pay the cost of posting this information. The bill specifies that the Oregon Health Authority's obligation to post this information to its website is limited to the funds collected from donation, gifts and grants. The bill is operative July 1, 2016. The bill contains an emergency clause and takes effect on passage.

The – A4 amendment clarifies that the information that OHA is required to post should originate only from data collected from insurers or fraternal benefit society, and third party administrators. The – A4 also appropriates \$238,276 General Fund for the 2015-17 biennium for OHA to carry out the provisions of this bill.

The Oregon Health Authority reports that to simply post the necessary information on the OHA website, the Authority would need to establish one Operations and Policy Analyst 4 position to develop methodology, collect feedback from stakeholders (e.g. insurers, and hospital representatives), develop and implement coding to extract information from Oregon's All Payer All Claims reporting program (APAC), validate hospital and clinic price information, perform annual data extraction, and maintain the website. OHA estimates the Personal Services and related Services & Supplies for this position to be \$238,276 and 1.00 FTE for the 2015-17 biennium; and \$137,575 and 0.50 FTE for the 2017-19 biennium. This estimate assumes that this information will simply be posted on the OHA website. A more consumer friendly, searchable, interactive website would require more resources.

STAFF MEASURE SUMMARY**Senate Committee On Health Care****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/08/15**Action:** Do Pass With Amendments And Requesting Referral To Ways And Means.
(Printed A-Engrossed.)**Meeting Dates:** 03/25, 04/08**Vote:**

Yeas: 4 - Knopp, Kruse, Monnes Anderson, Steiner Hayward

Nays: 1 - Shields

Prepared By: Zena Rockowitz, Committee Administrator

WHAT THE MEASURE DOES:

Requires Oregon Health Authority (OHA) to post data on website on price information including median prices paid to hospitals and hospital outpatient clinics for 50 most common inpatient procedures and 100 most common outpatient procedures. Requires price information to be consumer friendly, easily accessible by consumers and updated annually. Requires OHA to use data collected to empower consumers of health care to make economically sound and medically appropriate decisions, not limited to price and quality. Requires OHA to apply for funds. Creates operative date of July 1, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Transparency in order to reduce cost
- Informed choices and education for patients
- Ability to create user-friendly website
- Use of existing data
- Low administrative burden
- How to make cost data meaningful and put in context

EFFECT OF COMMITTEE AMENDMENT:

Requires Oregon Health Authority (OHA) to use data collected to empower consumers of health care to make economically sound and medically appropriate decisions, not limited to price and quality. Creates operative date of July 1, 2016. Declares emergency, effective on passage.

BACKGROUND:

Health care spending growth outpaces the growth of the overall economy and workers' wages. Annual estimates of Oregon's health care spending range between \$20 to \$25 billion. The federal Government Accountability Office found that meaningful price information is difficult for consumers to obtain prior to receiving health care services. The Centers for Medicare and Medicaid Services report that prices between hospitals for the same services vary dramatically, even within the same city. Presently, 34 states require hospitals to report certain charges and reimbursement rates in order to contain hospital costs, provide financial stability for hospitals and offer quality care. California, Colorado, Florida and New Hampshire are required to maintain websites to show prices charged for various procedures. Oregon is one of twelve states with an all-payer claims database. Senate Bill 2009 in 2009 created the Oregon All-Payer All-Claims Data Reporting Program to collect health insurance data (e.g., medical and pharmacy claims) from health insurance carriers and third-party administrators. Oregon hospitals also submit monthly utilization and financial summaries.

A-Engrossed
Senate Bill 900

Ordered by the Senate April 13
Including Senate Amendments dated April 13

Sponsored by Senator KRUSE, Representatives LIVELY, HAYDEN, Senator MONNES ANDERSON, Representative DAVIS, Senator BATES, Representative KENNEMER, Senator KNOPP; Representative CLEM

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 be responsible for posting to its website health care price data for inpatient and outpatient hospital services.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to health care price data; creating new provisions; amending ORS 442.466 and 442.993; and
3 declaring an emergency.

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

5 **SECTION 1.** ORS 442.466 is amended to read:

6 442.466. (1) The [*Administrator of the Office for Oregon Health Policy and Research*] **Oregon**
7 **Health Authority** shall establish and maintain a program that requires reporting entities to report
8 health care data for the following purposes:

9 (a) Determining the maximum capacity and distribution of existing resources allocated to health
10 care.

11 (b) Identifying the demands for health care.

12 (c) Allowing health care policymakers to make informed choices.

13 (d) Evaluating the effectiveness of intervention programs in improving health outcomes.

14 (e) Comparing the costs and effectiveness of various treatment settings and approaches.

15 (f) Providing information to consumers and purchasers of health care.

16 (g) Improving the quality and affordability of health care and health care coverage.

17 (h) Assisting the [*administrator*] **authority** in furthering the health policies expressed by the
18 Legislative Assembly in ORS 442.025.

19 (i) Evaluating health disparities, including but not limited to disparities related to race and
20 ethnicity.

21 (2) The [*Administrator of the Office for Oregon Health Policy and Research*] **authority** shall
22 prescribe by rule standards that are consistent with standards adopted by the Accredited Standards
23 Committee X12 of the American National Standards Institute, the Centers for Medicare and
24 Medicaid Services and the National Council for Prescription Drug Programs that:

25 (a) Establish the time, place, form and manner of reporting data under this section, including
26 but not limited to:

27 (A) Requiring the use of unique patient and provider identifiers;

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 (B) Specifying a uniform coding system that reflects all health care utilization and costs for
2 health care services provided to Oregon residents in other states; and

3 (C) Establishing enrollment thresholds below which reporting will not be required.

4 (b) Establish the types of data to be reported under this section, including but not limited to:

5 (A) Health care claims and enrollment data used by reporting entities and paid health care
6 claims data;

7 (B) Reports, schedules, statistics or other data relating to health care costs, prices, quality,
8 utilization or resources determined by the *[administrator]* **authority** to be necessary to carry out the
9 purposes of this section; and

10 (C) Data related to race, ethnicity and primary language collected in a manner consistent with
11 established national standards.

12 (3) Any third party administrator that is not required to obtain a license under ORS 744.702 and
13 that is legally responsible for payment of a claim for a health care item or service provided to an
14 Oregon resident may report to the *[Administrator of the Office for Oregon Health Policy and*
15 *Research]* **authority** the health care data described in subsection (2) of this section.

16 (4) The *[Administrator of the Office for Oregon Health Policy and Research]* **authority** shall adopt
17 rules establishing requirements for reporting entities to train providers on protocols for collecting
18 race, ethnicity and primary language data in a culturally competent manner.

19 (5)(a) The *[Administrator of the Office for Oregon Health Policy and Research]* **authority** shall
20 use data collected under this section to provide information to consumers of health care to empower
21 the consumers to make economically sound and medically appropriate decisions. The information
22 must include, but not be limited to, the prices and quality of health care services.

23 **(b) The authority shall, using data collected under this section, post to its website health**
24 **care price information including the median prices paid by the reporting entities described**
25 **in ORS 442.464 (1) to (4) to hospitals and hospital outpatient clinics for, at a minimum, the**
26 **50 most common inpatient procedures and the 100 most common outpatient procedures.**

27 **(c) The health care price information posted to the website must be:**

28 **(A) Displayed in a consumer friendly format;**

29 **(B) Easily accessible by consumers; and**

30 **(C) Updated at least annually to reflect the most recent data available.**

31 **(d) The authority shall apply for and receive donations, gifts and grants from any public**
32 **or private source to pay the cost of posting health care price information to its website in**
33 **accordance with this subsection. Moneys received shall be deposited to the Oregon Health**
34 **Authority Fund.**

35 **(e) The obligation of the authority to post health care price information to its website**
36 **as required by this subsection is limited to the extent of any moneys specifically appropriated**
37 **for that purpose or available from donations, gifts and grants from private or public sources.**

38 (6) The *[Administrator of the Office for Oregon Health Policy and Research]* **authority** may con-
39 tract with a third party to collect and process the health care data reported under this section. The
40 contract must prohibit the collection of Social Security numbers and must prohibit the disclosure
41 or use of the data for any purpose other than those specifically authorized by the contract. The
42 contract must require the third party to transmit all data collected and processed under the contract
43 to the *[Office for Oregon Health Policy and Research]* **authority**.

44 (7) The *[Administrator of the Office for Oregon Health Policy and Research]* **Director of the**
45 **Oregon Health Authority** shall facilitate a collaboration between the Department of Human Ser-

1 vices, the [*Oregon Health*] authority, the Department of Consumer and Business Services and inter-
2 ested stakeholders to develop a comprehensive health care information system using the data
3 reported under this section and collected by the [*office*] **authority** under ORS 442.120 and 442.400
4 to 442.463. The [*administrator*] **authority**, in consultation with interested stakeholders, shall:

5 (a) Formulate the data sets that will be included in the system;

6 (b) Establish the criteria and procedures for the development of limited use data sets;

7 (c) Establish the criteria and procedures to ensure that limited use data sets are accessible and
8 compliant with federal and state privacy laws; and

9 (d) Establish a time frame for the creation of the comprehensive health care information system.

10 (8) Information disclosed through the comprehensive health care information system described
11 in subsection (7) of this section:

12 (a) Shall be available, when disclosed in a form and manner that ensures the privacy and secu-
13 rity of personal health information as required by state and federal laws, as a resource to insurers,
14 employers, providers, purchasers of health care and state agencies to allow for continuous review
15 of health care utilization, expenditures and performance in this state;

16 (b) Shall be available to Oregon programs for quality in health care for use in improving health
17 care in Oregon, subject to rules prescribed by the [*Administrator of the Office for Oregon Health*
18 *Policy and Research*] **authority** conforming to state and federal privacy laws or limiting access to
19 limited use data sets;

20 (c) Shall be presented to allow for comparisons of geographic, demographic and economic factors
21 and institutional size; and

22 (d) May not disclose trade secrets of reporting entities.

23 (9) The collection, storage and release of health care data and other information under this
24 section is subject to the requirements of the federal Health Insurance Portability and Accountability
25 Act.

26 **SECTION 2.** ORS 442.993 is amended to read:

27 442.993. (1) Any reporting entity that fails to report as required in ORS 442.466 or rules of the
28 [*Office for Oregon Health Policy and Research*] **Oregon Health Authority** adopted pursuant to ORS
29 442.466 may be subject to a civil penalty.

30 (2) The [*Administrator of the Office for Oregon Health Policy and Research*] **Director of the**
31 **Oregon Health Authority** shall adopt a schedule of penalties not to exceed \$500 per day of vio-
32 lation, determined by the severity of the violation.

33 (3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

34 (4) Civil penalties imposed under this section may be remitted or mitigated upon such terms and
35 conditions as the [*administrator*] **director** considers proper and consistent with the public health and
36 safety.

37 (5) Civil penalties incurred under any law of this state are not allowable as costs for the purpose
38 of rate determination or for reimbursement by a third-party payer.

39 **SECTION 3. The amendments to ORS 442.466 by section 1 of this 2015 Act become oper-**
40 **ative on July 1, 2016.**

41 **SECTION 4. This 2015 Act being necessary for the immediate preservation of the public**
42 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
43 **on its passage.**