

## SB 934 STAFF MEASURE SUMMARY

### Senate Committee On Health Care

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**Meeting Dates:** 4/6

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#### **WHAT THE MEASURE DOES:**

Requires coordinated care organizations (CCOs) to spend at least 14.4 percent of their global budget on primary care and community health. Provides Oregon Health Authority (OHA) with rulemaking authority to establish penalties if a CCO fails to meet the spending requirement. Exempts CCOs from the penalty if a CCO increases its spending on primary care or community health by at least one percent from previous calendar year. Provides Department of Consumer and Business Services (DCBS) with rulemaking authority to require insurance carriers that do not spend 14.4 percent on primary care to submit plans for increasing spending on primary care. Requires insurance carriers participating in a federal program to offer the same payment methodologies to all patient-centered primary care homes (PCPCHs) in Oregon.

*REVENUE: May have revenue impact, but no statement yet issued.*

*FISCAL: May have fiscal impact, but no statement yet issued.*

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

The patient-centered medical home (PCMH) is a model of care intended to reduce the cost of care, reduce utilization of inappropriate health services and improve the quality of care and patient experience. The model is patient-centered, addressing and coordinating the full scope of physical and mental health care needs of a patient including care with specialists and hospitals. In the United States, the adoption of medical homes is widespread and key to transforming the country's health care system. Over the past decade, with the proliferation of medical homes, a growing body of research, assessing the effects of medical homes has become available. Based on available evidence, federal and state policy makers and health care payers have increasingly expressed interest in medical homes as a tool to restructure primary care.

In Oregon, in 2009, the Legislative Assembly established the Patient-Centered Primary Care Home Program (PCPCH). The statewide program seeks to develop strategies to identify and measure what a primary care home does, promote their development and encourage Oregonians to seek care through state recognized medical homes. As of 2016, 640 clinics had been recognized as patient-centered medical homes. In 2016, researchers from Portland State University released a report that evaluated the impact of Oregon's medical homes. Key findings include:

- For every \$1 increase in primary care expenditures related to the PCPCH program, there are \$13 in savings in other services, such as specialty care, emergency department and inpatient care
- Decreases in specialty care, emergency department visits, and inpatient care
- Resulted in \$240 million in savings to Oregon's health system in the first three years

In 2015, the Oregon Legislature passed Senate Bill 231 requiring the Oregon Health Authority (OHA) and the Department of Consumer and Business Services (DCBS) to report the percentage of medical spending allocated to primary care. The 2017 report states that in 2015, the state's 16 coordinated care organizations (CCOs) spent approximately 13 percent of their total medical expenditures on primary care. The report states that commercial, Medicare Advantage and Oregon's Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board  
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(OEBB) plans spent an average of 10 percent or less of their total medical expenditures on primary care.

Senate Bill 934 establishes spending requirements for commercial and Medicaid insurers that compels insurers to expend a portion of their total medical spending on primary care services.

PRELIMINARY