

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2979 - 5

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

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

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Date: 4/10/2017

Measure Description:

Eliminates certain categories of medical assistance recipients from exemption from enrollment in coordinated care organization.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Analysis:

House Bill 2979 with the -5 amendment requires the Oregon Health Authority (OHA) to enroll eligible individuals within 30 days instead of 15 in a coordinated care organization (CCO), after determining an individual is eligible for medical assistance. If an eligible individual, who resides in an area served by more than one CCO, disenrolls from a CCO, OHA must immediately enroll the individual into the CCO the individual selects. The bill removes the following categories of medical recipients that, under current law, OHA is authorized to exempt, by rule, from mandatory enrollment: individuals who are also eligible for Medicare; women in the third trimester of pregnancy at the time of enrollment; individuals under 19 years of age who have been placed in adoptive or foster care out of state; and individuals with major medical coverage. The bill takes effect January 1, 2018.

The bill may require a Center for Medicare and Medicaid Services (CMS) waiver in order to comply with federal regulations.

The full fiscal impact of this bill is indeterminate depending on the number of individuals who move in or out of managed care. Moving populations from a fee-for-service (FFS) payment methodology into managed care may increase cost because of the managed care administrative add-on. Alternatively, removing populations from managed care may decrease costs. Managed care medical expenses can be lower than FFS due to the coordinated, integrated care model. In addition, there would likely be a fiscal impact resulting from enrolling medical recipients who, with passage of this bill, OHA would no longer be authorized to exempt from mandatory enrollment, including those with major medical coverage. How these variables will play out and their corresponding fiscal impact cannot be quantified, at this time.

The quantifiable cost of complying with this bill includes an increase in workload for existing staff to revise administrative rules related to managed care enrollment and changes in business processes to support the rule changes, as well as modifications of the Medicaid Management Information System (MMIS) and oregonEligibility (ONE) systems. Although OHA will absorb the costs of rule writing, the agency estimates the information system changes will have a fiscal impact of approximately \$336,758 Total Funds (\$39,185 General Fund, \$168,379 Other Funds, and \$129,194 Federal Funds).