

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2979 - 7

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

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

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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 -7 amendment requires the Oregon Health Authority (OHA) to enroll eligible individuals within 15 days 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 enroll the individual into another CCO within 15 days after the date of the disenrollment. 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 on passage.

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, but the impact could likely be substantial.

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 \$395,446 Total Funds (\$70,873 General Fund, \$395,446 Other Funds, and \$324,573 Federal Funds). The Office of Information Services (OIS) is shared services, and the Other Funds amount reflects how the agency accounts for shared services.

This system modification cost includes changes to facilitate both the new enrollment requirements, and the reporting requirement. The bill directs OHA, beginning October 1, 2017, to report quarterly to the Legislature on applications for medical assistance on the most recent 12-month period and for each calendar quarter. The report must include applicant demographic information and county of residence, the number of applications submitted, the number and percentage of applications approved and denied,

reasons for denials, the number of applicants with prior effective dates, the number of pending applications and the average number days the applications have been pending, the number pending more than 30 days and the number of applicants represented by the applications, the number and percentage of applications that were found eligible and enrolled in a coordinated care organization along with the number of days that elapsed from the date of determined eligibility and CCO enrollment, including the number of applicants that exceeded the 15 day requirement, the number and types of corrections needed to eligibility and enrollment information after applicants were determined eligible. On applicants requesting a renewal: OHA must report quarterly on the number and percentage OHA sent a notice to renew coverage, the number and percentage that responded by requesting to renew, and the information collected by OHA on the customer experience.

Quantifiable Expenditure Impact:

	2017-19 Biennium	2019-21 Biennium
General Fund		
Personal Services	0	0
Services & Supplies	0	0
Special Payments	70,873	0
Total General Fund	\$70,873	\$0
Other Funds		
Personal Services	17,619	0
Services & Supplies	377,827	0
Special Payments	0	0
Total Other Funds	\$395,446	\$0
Federal Funds		
Personal Services	0	0
Services & Supplies	0	0
Special Payments	324,573	0
Total Federal Funds	\$324,573	\$0
TOTAL FUNDS	\$790,892	\$0

This bill requires budgetary action for allocation of General Fund resources.