

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 934 - A6

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: 5/24/2017

Measure Description:

Authorizes Department of Consumer and Business Services to adopt rules requiring carriers that spend less than 12% of premiums on primary care to submit with each rate filing a plan for increasing spending on primary care as a percentage of premiums at a rate of at least one percent per year.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS)

Summary of Expenditure Impact:

Minimal/Absorbable with Existing Staff and Resources - Explanatory Fiscal Impact Statement.

Analysis:

Senate Bill 934 with the -A6 amendment requires certain insurers to offer specific alternative payment methodologies. In addition, the bill authorizes the Department of Consumer and Business Services (DCBS) to adopt rules requiring carriers, including coordinated care organizations, private insurers, the Public Employees’ Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB), that spend less than 12% of total expenditures on physical and mental health care on primary care to submit with each rate filing a plan for increasing spending on primary care as a percentage of premiums at a rate of at least one percent per year. Carriers have until January 1, 2023 to be in compliance. PEBB and OEBB must report to the Legislative Assembly no later than February 1st of each year on their progress toward achieving the 12% requirement. All prominent carriers, defined as carriers with an annual premium income of \$50 million or more, must report to DCBS by October 1st each year on the proportion of their total medical expenses that are allocated to primary care.

Oregon Health Authority (OHA)

This fiscal assumes OHA can absorb the work of coordinating with CCOs to manage the initiatives outlined in this bill. The bill requires OHA to advise and assist in the implementation of a Primary Care Initiative to use value-based payment methods, providing technical assistance to clinics and payers in implementing the initiative, and aggregating the metrics used in the initiative with the work of the Health Plan Quality Metrics Committee. OHA estimates the cost of one half-time Policy Analyst 3 position to manage this work to be \$91,626 Total Funds, 1 position, and 0.38 FTE for the 2017-19 biennium. This work is eligible for a 50% federal match.

In addition, because carriers have until January 1, 2023 to comply with certain provisions of this bill, there is no fiscal impact for the 2017-19 and 2019-21 biennia. However, OHA anticipates that coordinated care organization (CCO) rate setting and CCO contracts will need to address the requirements of this bill by January 1, 2023. This future fiscal impact will depend on the how carriers plan to achieve the 12% requirement.

Department of Consumer and Business Services (DCBS)

The fiscal impact of this bill on DCBS is anticipated to be minimal. DCBS will reprioritize the work of existing staff to comply with the provisions of this bill