

## **HB 2391 STAFF MEASURE SUMMARY**

### **Joint Committee On Ways and Means**

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**Prepared By:** Kim To, Fiscal Administrative Supervisor

**Meeting Dates:** 6/1, 6/8, 6/13

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

HB 2391 provides for revenue raising that requires approval by a three-fifths majority. Takes effect on the 91st day after sine die.

Establishes the Health System Fund, continuously appropriating amounts in this Fund to the Department of Consumer and Business Services (DCBS) to administer the Oregon Reinsurance Program (ORP) and to transfer funds to the Oregon Health Authority (OHA) to: (1) provide medical assistance and other health services; (2) refund coordinated care organizations; and (3) fund the administration of the coordinated care organization assessment. The effective date of the Oregon Reinsurance Program is the later of the date of approval by the United States Department of Health and Human Services or 1/1/2018. The bill repeals the Oregon Reinsurance Program on 1/2/2024. Requires insurers and the Public Employees' Benefit Board (PEBB) to pay to DCBS into the Health System Fund, no later than 45 days following the end of a calendar quarter, an assessment at the rate of 1.5% of the gross amount of premium equivalents received during the calendar quarter. This requirement applies to premiums earned by an insurer for a period of eight calendar quarters beginning on or after January 1, 2018. Assessment payments must include reporting. DCBS is required to receive these quarterly reports and assessment payments from PEBB and insurers no later than 45 days following the end of the calendar quarter beginning in 2018. DCBS must analyze and review each report for accuracy. If DCBS determines a discrepancy exists between the assessment owed and the assessment paid, DCBS must confirm the correct assessment amount and either credit or charge PEBB or the insurer the difference. Requires coordinated care organizations (CCOs) to pay to OHA into the Health System Fund, no later than 45 days following the end of a calendar quarter, an assessment at the rate of 1.5% of the gross amount of total payments made to the CCO by OHA for providing medical assistance health services during that calendar quarter. This requirement applies to payments made from January 1, 2018 through December 31, 2019.

Mandates a transfer of any remaining unexpended balance of the Health Insurance Exchange Fund to the Health System Fund; and the transfer of any remaining unexpended balance of the Oregon Medical Insurance Pool Account to the Health System Fund. These transfers are to be made on the effective date of this Act. Section 43 states that the Health System Fund and PEBB, Insurer and MCO Assessments become operative on January 1, 2018.

Modifies statutes relating to hospital assessment, including extending hospital assessment for two more years from September 30, 2019 to September 30, 2021. Extends the scheduled repeal of the hospital assessment to January 2, 2026, and sunsets the hospital performance advisory committee and performance distributions on July 1, 2018.

Allows the hospital assessment to be imposed and collected in a calendar quarter beginning before September 30, 2021. Extends the abolishment of the Hospital Quality Assurance Fund to December 31, 2025. Changes the definition of hospital to exclude hospitals that provide only psychiatric care, hospital providing care to children at no charge, and public hospitals other than hospitals created by health districts; and to include Type A and B hospitals. Establishes an additional 0.7% assessment on net revenues of hospitals, excluding Type A and B hospitals. Allows OHA Director to impose a lower rate on Type A & B hospitals, depending on their financial condition. The assessment on Type A & B hospitals is dependent on approval from the Centers for Medicare and Medicaid Services (CMS). Limits the assessment rate to 5.3%, excluding the 0.7% assessment described above, and extends the final calendar assessment quarter to September 30, 2021. Allows OHA to use moneys in the Hospital Quality Assurance Fund to make qualified directed payments to Coordinated Care Organizations to provide reimbursement to Type A & B hospitals. Ends

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funding, effective July 1, 2018, for the Hospital Transformation Performance Program that was based on moneys equal to the federal financial participation received from the assessment. Requires OHA to ensure the net reimbursement received by the Oregon Health and Science University (OHSU) is at least 84% but no more than 100% of OHSU's costs of providing services that are paid with Medicaid funds.

### **ISSUES DISCUSSED:**

- Fiscal impact
- Changes in current amendment

### **EFFECT OF AMENDMENT:**

Replaces the bill.

### **BACKGROUND:**

In 2003, the Legislative Assembly created the hospital assessment as a revenue source to fund the Oregon Health Plan (OHA) and other hospital initiatives. The statutory authority for this assessment is set to expire in 2019. HB 2391 extends the hospital assessment to 2021.