

SB 419 A STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Linda Ames, Budget Analyst

Meeting Dates: 6/21, 6/22, 6/28

WHAT THE MEASURE DOES:

Establishes a Task Force on Health Care Cost Review. Requires task force to study feasibility of establishing a hospital rate-setting process in Oregon, modeled on the process used in Maryland, and submit recommendations to the Legislative Assembly no later than September 15, 2018. Sunsets the task force on December 31, 2018. Takes effect 91st day after sine die.

ISSUES DISCUSSED:

- Fiscal impact
- Examination of cost savings from other than Maryland model

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In an effort to contain rising health expenditures, state and federal agencies have created programs designed to regulate provider payments and increase health care price transparency or disclosure of health costs as policy tools. Such tools include establishing large databases that collect health care data from insurers and hospitals, requiring public reporting of hospital prices and provider payments, or establishing state-based hospital rate-setting systems. For example, Maryland created an all-payer hospital rate-setting program, established in 1971 with a federal waiver, the only state to do so in the country. Maryland's Health Services Cost Review Commission serves as an independent state agency to authorize and establish hospital rates. Several other states have historically used hospital rate setting, but were limited to Medicaid or commercial insurers (i.e., non-Medicare payers).

In Oregon, HB 2009 (2009) created an all-payer all-claims database (APAC) that collects information on health care costs and spending in Oregon including hospitals costs. In 2015, SB 900 passed requiring the Oregon Health Authority to post hospital price information using APAC for the 50 most common inpatient procedures and 100 most common outpatient procedures on a website.