

FISCAL IMPACT OF PROPOSED LEGISLATION

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

Measure: HB 2979 - A

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)

House Bill 2979 requires the Oregon Health Authority (OHA) to enroll eligible individuals in a coordinated care organization (CCO) within 30 days 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: (2) individuals who are also eligible for Medicare; (2) women in the third trimester of pregnancy at the time of enrollment; (3) individuals under 19 years of age who have been placed in adoptive or foster care out of state; and (4) 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, 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 \$336,758 Total Funds (\$39,185 General Fund, \$168,379 Other Funds, and \$129,194 Federal Funds). The Office of Information Services (OIS) is shared services, and the Other Funds amount reflects how the agency accounts for shared services.

Quantifiable Expenditure Impact:

	2017-19 Biennium	2019-21 Biennium
General Fund		
Personal Services	0	0
Services & Supplies	0	0
Special Payments	39,185	0
Total General Fund	\$39,185	\$0
Other Funds		
Personal Services	12,427	0
Services & Supplies	155,952	0
Special Payments	0	0
Total Other Funds	\$168,379	\$0
Federal Funds		
Personal Services	0	0
Services & Supplies	0	0
Special Payments	129,194	0
Total Federal Funds	\$129,194	\$0
TOTAL FUNDS	\$336,758	\$0

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