

## HB 3418 A STAFF MEASURE SUMMARY

### House Committee On Rules

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**Action Date:** 05/18/17

**Action:** Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

**Vote:** 5-3-1-0

**Yeas:** 5 - Holvey, Nosse, Rayfield, Smith Warner, Williamson

**Nays:** 3 - Barreto, Hack, Kennemer

**Exc:** 1 - McLane

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

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#### WHAT THE MEASURE DOES:

Sets in-network and out-of-network reimbursement rates for inpatient and outpatient hospital claims for Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB) health benefit plans and self-insurance programs administered by third party. Sets reimbursement at 200 percent of amount paid by Medicare for in-network hospital claims and 185 percent for out-of-network. Exempts type A or type B or rural critical access hospital. Requires director of Legislative Policy and Research Office (LPRO) convene advisory group to conduct comprehensive study and make recommendations regarding reimbursement of prescriptions drugs in medical assistance program; PEBB and OEBB health benefit plans; and other state-financed programs that reimburse cost of prescription drugs. Requires advisory group report to legislative committees related to health care by September 15, 2018. Applies to PEBB health benefit plans offered on or after January 1, 2018 and OEBB health benefit plans offered on or after October 1, 2018. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

- Cost of PEBB and OEBB health benefit plan to state
- State budget cost drivers and strategies for cost-containment
- Number of Oregonians who are covered by PEBB or OEBB health benefit plans
- Comparison of Oregon health benefit plan costs to other states
- Inconsistent hospital charges for procedures in Oregon

#### EFFECT OF AMENDMENT:

Sets in-network and out-of-network reimbursement rates for inpatient and outpatient hospital claims for Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB) contracted carriers and self-insurance programs administered by third party. Sets reimbursement at 200 percent of amount paid by Medicare for in-network hospital claims and 185 percent for out-of-network. For carrier or third party administrator that does not reimburse on a fee-for-service basis, payment method used must take into account the specified limits. Payment methods may include value-based, capitation or bundled payments. Exempts type A or type B or rural critical access hospital. Specifies that providers are prohibited from balance billing. Requires director of Legislative Policy and Research Office convene advisory group to conduct comprehensive study and make recommendations on reimbursement of prescriptions drugs in medical assistance program; PEBB and OEBB health benefit plans and other state-financed programs that reimburse cost of prescription drugs. Requires advisory group report to legislative interim committees related to health by September 15, 2018. Repeals advisory group on December 31, 2018. Applies to PEBB plans offered on or after January 1, 2018 and OEBB plans offered on or after October 1, 2018.

#### BACKGROUND:

## **HB 3418 A STAFF MEASURE SUMMARY**

Oregon's Public Employees' Benefit Board (PEBB) designs, contracts and administers a program of benefits for the state as the employer and state employees. The benefits include medical and dental coverage; life, accident, disability and long-term care insurance; and flexible spending accounts. The Board also offers health care insurance options for retirees not yet eligible for Medicare and individuals in other participating groups. PEBB's total membership is approximately 127,000 individuals.

The Oregon Educators Benefit Board (OEBB) was created in 2007 in order to provide a comprehensive selection of benefit plan options for most of Oregon's K-12 school districts, education service districts and community colleges, as well as a number of charter schools and local governments across the state. OEBB currently provides benefits for almost 150,000 individuals, including actively employed and retired members and their families.

House Bill 3418-A establishes in-network and out-of-network reimbursement rates for inpatient and outpatient hospital claims for PEBB and OEBB health benefit plans and self-insurance programs administered by a third party.