

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 1549 - 1**

79th Oregon Legislative Assembly – 2018 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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Date: 2/9/2018

**Measure Description:**

Requires continuation of medical assistance for specified period following admission to state hospital.

**Government Unit(s) Affected:**

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

**Summary of Expenditure Impact:**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

**Analysis:**

SB 1549 prohibits the Department of Human Services (DHS) and the Oregon Health Authority (OHA) from terminating the medical assistance of a person, who is otherwise eligible, but for admittance to a state hospital until the person’s recertification date or until twelve months after the person is admitted to the state hospital, whichever is earlier.

Oregon Health Authority (OHA)

The fiscal impact of this bill on OHA is indeterminate. Currently, federal law prohibits institutions for mental disease (IMDs) from receiving federal fund participation (FFP) for Medicaid services. IMD exclusion pertains to the availability of FFP, but states are still permitted to maintain some type of continuous eligibility or enrollment to facilitate continuity of care. However, current state law requires OHA to suspend a patient’s Medicaid enrollment for the duration of their stay at Oregon State Hospital (OSH). Therefore, patients are deemed ineligible for Medicaid when they are admitted to OSH, and are subsequently disenrolled. Due to this automatic ineligibility and disenrollment from Medicaid, OSH cannot demonstrate these patients were enrolled in a qualifying program. Passage of this bill would allow OHA stop the practice of suspending health care coverage for individual patients and would allow OHA to maintain eligibility for the patient for the duration of the stay. Claims submitted would return a rejection that would indicate the facility is ineligible for Medicaid payment - satisfying the IMD exclusion, but allowing the OSH to demonstrate continuous enrollment for the purposes of billing secondary payers that require evidence that the facility attempted to bill the state but was rejected due to the patient’s admission in an IMD. In addition, continued Medicaid enrollment would ensure that patients are not penalized or fined for not having health insurance.

Changes proposed by this bill are anticipated to facilitate continuity of care and to allow OSH to collect Other Funds to help achieve the OSH revenue package goals adopted in the 2017-19 Legislatively Adopted Budget by providing supporting documentation for dual-eligible bad debt and to receive a portion of that uncompensated care from Medicare. However, this anticipated Other Funds revenues cannot be projected until OSH works with Medicare, Medicaid, and coordinated care organizations and other stakeholders to finalize federal and state policy considerations, system changes, and other implementation decisions.

Department of Consumer and Business Services (DCBS)

This bill is anticipated to have no fiscal impact on DCBS. The -1 amendment allows (DCBS) to approve filings for health benefit plans under specified conditions. This provision will not impact DCBS workload.