

SB 889 STAFF MEASURE SUMMARY

Senate Committee On Health Care

Prepared By: Brian Nieubuurt, LPRO Analyst

Meeting Dates: 3/25, 4/1

WHAT THE MEASURE DOES:

Establishes the Health Care Cost Growth Benchmark program (Benchmark Program) under the direction of the Oregon Health Policy Board (OHPB). Requires the Benchmark Program to establish a health care cost growth benchmark (benchmark) for increases in total health expenditures and review the benchmark on an annual basis. Establishes requirements for benchmark. Defines "health care cost growth," "health care cost growth benchmark," "health care entity," net cost of private health insurance," "payer," "provider," and "total health expenditures." Establishes Health Care Cost Growth Benchmark Implementation Committee (Benchmark Implementation Committee) under the direction of the OHPB. Defines membership of Benchmark Implementation Committee. Requires Benchmark Implementation Committee to develop an implementation plan for the Benchmark Program. Defines requirements for implementation plan. Requires Benchmark Implementation Committee to report to the OHPB by September 15, 2020 on implementation plan for review and approval. Requires the OHPB to report implementation plan to Legislative Assembly by November 15, 2020. Declares emergency, effective on passage.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Senate Bill 419 (2017) established the Task Force on Health Care Cost Review (Task Force) to study the feasibility of creating a hospital rate-setting process in Oregon modeled on the process used by the Health Service Cost Review Commission in Maryland. Comprised of legislators, state agency staff, hospital, insurance, union, and consumer representatives, the Task Force met between November 2017 and September 2018. The Task Force's Final Report concluded that the Maryland model was not appropriate for Oregon. The Task Force instead recommended that Oregon develop a plan to control total health care expenditures across all payers and providers by establishing a health care spending benchmark. The Task Force specifically recommended moving forward with a model similar to the approach taken by the state of Massachusetts.

Senate Bill 889 adopts the Task Force on Health Care Cost Review's recommendations to implement a health care cost growth benchmark program to help control health care cost expenditures across all payers and providers in Oregon.