



SB 1041 Fact Sheet

Oregon Health Authority

Much of Medicaid in Oregon is delivered through Coordinated Care Organizations (CCOs). This bill pertains to the regulation by Oregon Health Authority (OHA) of the financial solvency of CCOs. The bill grew out of policy recommendations adopted by the Oregon Health Policy Board (OHPB) in October 2019. OHA seeks to implement the OHPB's recommendations through the following key features of SB1041:

- **Improve Transparency of CCO Financial Reporting:** Require increased accountability and transparency regarding CCO finances through enhanced financial reporting requirements based on best practices established by the National Association of Insurance Commissioners (NAIC).
- **Evaluate CCOs:** Require an examination at least every five years of each CCO and use of Risk-based Capital (RBC) methodology to evaluate CCO solvency and ensure CCOs hold adequate financial resources to protect against insolvency.
- **Improve Oversight Tools for Dealing with Impaired CCOs:** OHA lacks the tools to intervene when a CCO's financial condition deteriorates. Increases ability of OHA Director and DCBS Director to enter into interagency agreements and to exchange confidential information to improve financial oversight. Provides OHA administrative and judicial tools for dealing with financially impaired CCO (similar to tools available to DCBS for commercial market) to allow OHA to rehabilitate a CCO nearing insolvency.
- **Establish Framework for RBC:** To better assess financial risk and reserve levels of CCOs, require OHA to establish publicly available thresholds for RBC for each CCO and a related framework for CCO action as needed in rule.

In discussions with CCOs following the Senate's adoption of SB 1041, A-Engrossed, OHA agreed to recommend the following changes:

- Financial reporting due dates will not change
- OHA may not require a CCO's RBC to exceed 200%
- OHA may allow reserving against potential recoupments so claw back provisions would not materially impact CCOs' RBC calculations
- Standardize NAIC and contractually required ("Exhibit L") reporting, through a legislatively accountable work group of CCOs
- Coordinate with DCBS to reduce administrative costs of dually registered companies
- Require OHA to provide material to CCOs about NAIC reporting standards
- Remove requirement for OHA to charge for costs of examination.

In addition, at the request of a legislator, OHA has agreed to some transparency provisions drawn from SB 1030.