

SB 1041 A -A6, -A7, -A8 STAFF MEASURE SUMMARY

House Committee On Health Care

Prepared By: Oliver Droppers, LPRO Analyst

Meeting Dates: 5/16

WHAT THE MEASURE DOES:

Grants to the Oregon Health Authority (OHA) powers to regulate the financial condition of coordinated care organizations (CCOs) in alignment with the oversight powers of the Department of Consumer and Business Services (DCBS) concerning domestic health insurers. Requires OHA to examine every CCO, including a financial audit, at least once every five years. Specifies examination process and reporting. Specifies confidentiality of complaints made against CCOs in OHA's regulation of CCO financial condition and reports generated as a result of OHA regulation. Limits liability for actions taken pursuant to financial examinations. Specifies privilege of compliance audit documents. Allows OHA to order a CCO be placed under supervision in specified circumstances. Specifies delinquency proceedings for CCO rehabilitation, liquidation, or conservation. Requires OHA to adopt rules for regulating the financial solvency of CCOs that align with specified provisions of the Insurance Code.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A6 Relates to determining CCOs global budgets and defines key terms that factor into establishing a global budget. Defines "category of services" for the purposes of determining global budgets for CCOs. Defines "eligibility category," "per capita costs," "related party," "risk accepting entity," "risk adjusted rate of growth," "risk score," and "total compensation. Establishes legislative intent that expenditures of the OHA and CCOs in the medical assistance program, and the manner in which OHA establishes global budgets, be fully transparent and available to the public. Requires OHA to make available documentation including expenditure data submitted to the Centers for Medicare and Medicaid Services related to global budgets for calendar years beginning on January 1, 2013. Requires OHA to make readily available and report annually to the Legislative Assembly CCO compensation, financial disbursements, audited financial statements, and tax information. Requires OHA to adopt, by rule, uniform data reporting requirements for CCOs. Requires OHA to create and publish annually a per capita cost report for each CCO beginning January 1, 2020. Exempts specified information and data in previous sections 60-64 as being exempt from trade secrets unless certain conditions are met.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

-A7 Relates to global budgets for CCOs. Specifies OHA is to certify as actuarial sounds each rate cell in the global budget in accordance with federal law. Defines "actuarially sound."

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

-A8 Replaces section specifying legislative intent that the expenditures of a CCO are to be fully transparent and available to the public with new section requiring each CCO to have an annual audit conducted by an independent certified public accountant; specifies report contents. Replaces ORS references. Defines terms "related party," "risk accepting entity," and "risk adjusted rate of growth." Requires OHA to publicly report annually for each CCO starting calendar year 2020 the following: (1) financial distributions, (2) audited financial statements, (3) annual risk adjusted rate of growth, (4) all reported submitted to OHA except reports protected by state or federal law including disclosure as a trade secret. Directs OHA to convene an advisory group and report by September 15,

This summary has not been adopted or officially endorsed by action of the committee.

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2020 recommendations to standardize different financial reporting requirements by the National Association of Insurance Commissioners, federal and state government to regulate CCOs. Permits OHA to recover funds paid to a CCO as long as the recovery does not adversely effect a CCO's ability to maintain the required risk-based reserves.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

BACKGROUND:

With the passage of House Bill 3650 (2011) and Senate Bill 1580 (2012), the Legislative Assembly established the Oregon Integrated and Coordinated Health Care Delivery System in which newly established coordinated care organizations (CCOs) became responsible for coordinating the physical, behavioral, and oral health care for individuals enrolled in the state's Medicaid program, the Oregon Health Plan (OHP). Fifteen regional CCOs currently coordinate the provision of services for over 850,000 Oregonians enrolled in OHP.

Through its Division of Financial Regulation, the Department of Consumer and Business Services (DCBS) is the state's primary regulator of all types of insurance companies, including health insurance companies. In 2015, the division regulated health insurers covering approximately 1 million Oregonians in the individual, small group, large group, associations, and trusts markets.

In October 2018, the Oregon Health Policy Board (OHPB) released its recommendations for CCO 2.0. One of the four key areas emphasized by OHPB was that OHP maintain sustainable growth and ensure financial transparency. In this area, OHPB recommended that CCO financial reporting be aligned with the reporting crafted by the National Association of Insurance Commissioners for health insurance carriers, including moving to a Risk-Based Capital standard for evaluating CCO financial solvency.

Senate Bill 1041-A implements OHPB's recommendations regarding CCO financial transparency by granting OHA powers to regulate the financial condition of CCOs in alignment with the powers of DCBS to regulate domestic insurers.

1st Chamber vote (Senate): Ayes, 25; Nays, 4.