

HB 2010 STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date: 02/07/19

Action: Do pass and be referred to Ways and Means by prior reference

Vote: 9-2-0-0

Yeas: 9 - Alonso Leon, Boles, Drazan, Greenlick, Keny-Guyer, Mitchell, Nosse, Prusak, Salinas

Nays: 2 - Hayden, Noble

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 2/7

WHAT THE MEASURE DOES:

Extends the Oregon Reinsurance Program. Authorizes the Department of Consumer and Business Services (DCBS) to seek extension of existing federal waiver for state innovation. Authorizes DCBS to modify attachment point or coinsurance rate for reinsurance program. Extends assessment on commercial insurers and managed care assessment to December 21, 2026; increases it from 1.5 percent to 2 percent. Extends assessment on Diagnostic Related Group (DRG) and rural type A/B hospitals to September 30, 2025.

ISSUES DISCUSSED:

- State trends in use of provider taxes
- Use of Tobacco Master Settlement Agreement (“MSA”) funds
- Other Oregon Health Plan (OHP) funding sources
- Funding for school districts and premium assessment
- Importance of Medicaid funding stability in Oregon
- Description of proposed amendments

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Medicaid, enacted in 1965, is a partnership jointly financed between the states and the federal government that provides health insurance coverage to 66 million individuals and families in the U.S. (2018). To fund Medicaid program costs, federal law allows states to collect revenue through provider assessments, fees, or taxes as a mechanism for financing the state's share of Medicaid spending. Oregon is one of 49 states to have one or more assessments, fees, or taxes levied on health care providers to finance a portion of its Medicaid program. According to the Kaiser Family Foundation, in 2016, two-thirds of states reported having three or more provider fees or taxes to fund a portion of their share of Medicaid spending. States can assess fees or taxes on health care services, health insurer premiums, and different provider types including nursing homes, hospitals, intermediate care facilities, or managed care organizations.

In 2003, the Legislative Assembly created the hospital assessment as a revenue source to fund the Oregon Health Plan (OHP) and other hospital initiatives. In 2017, House Bill 2391 modified statutes relating to the existing hospital assessment, including extending the hospital assessment from September 30, 2019 to September 30, 2021 and added rural hospitals to the assessment. In addition, the bill established the Oregon Reinsurance Program within the Department of Consumer and Business Services (DCBS). The reinsurance program is designed to stabilize rates for individuals purchasing insurance on the individual market, receiving federal funding through an approved 1332 waiver from the federal government. Essentially, the reinsurance program “reimburses”

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insurers for high-cost enrollees and spreads risk across the broader health insurance market in Oregon.

House Bill 2010 extends Oregon's provider tax and reinsurance program to fund health insurance coverage in the state.