

SB 1041 A STAFF MEASURE SUMMARY**Carrier:** Sen. Monnes Anderson**Senate Committee On Health Care**

Action Date: 04/08/19
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 4-1-0-0
Yeas: 4 - Beyer, Fagan, Knopp, Monnes Anderson
Nays: 1 - Linthicum
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
Prepared By: Brian Nieubuurt, LPRO Analyst
Meeting Dates: 4/3, 4/8

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:

- Fit of CCO model in National Association of Insurance Commissioners' financial oversight standards
- Ability to adapt oversight to unique aspects of CCOs
- Other states using Risk-Based Capital standard for financial oversight
- Potential impact on CCO reserves
- Intent to only apply standards prospectively
- Potential reporting timeline conflicts

EFFECT OF AMENDMENT:

Clarifies people considered to control the management of CCOs for purposes of OHA financial examination. Clarifies amount of compensation or wages paid in delinquency proceedings. Clarifies provisions of the Insurance Code to which OHA must align adopted rules. Clarifies CCO minimum financial reserve requirements.

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.

SB 1041 A STAFF MEASURE SUMMARY

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.