

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

Measure: SB 734 - A <REVISED>

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Tom MacDonald, Matt Stayner, Meg Bushman Reinhold
Date: May 21, 2019

Measure Description:

Requires individual and group health insurance policies to reimburse services provided by naturopathic physicians within scope of their practice if services are reimbursed when provided by licensed physicians.

Government Unit(s) Affected:

Oregon Educators Benefit Board (OEBB), Public Employees’ Benefit Board (PEBB), Department of Consumer and Business Services (DCBS), Oregon Board of Naturopathic Medicine (OBNM)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

<Revised to include new information from the Public Employees’ Benefit Board (PEBB).>

Analysis:

SB 734 requires health benefit plans to reimburse the cost of a service provided by a naturopathic physician who is in an independent practice in the same amount and using the same payment methodology as the reimbursement paid under the plan to a physician providing the same service in the same setting and geographic area. The measure specifies that insurers may not reduce reimbursement paid to a physician in order to comply with this requirement. The measure also exempts these provisions from automatic repeal.

Passage of this bill could potentially increase premium rates for the Oregon Educators Benefit Board (OEBB) and the Public Employees’ Benefit Board (PEBB). At this time, the impact cannot be precisely quantified. The following projections extrapolated from the largest health insurers for OEBB and PEBB are provided as a frame of reference. Note that projections do not include information from Kaiser Permanente.

Oregon Educators Benefit Board (OEBB)

According to Moda Health, the largest health insurer for OEBB, reimbursement requirements for naturopathic physicians mandated by this bill could potentially increase premium rates for OEBB medical plans by 0.01%. Assuming this applies to OEBB’s other plans, passage of this bill could result in a fiscal impact of \$1.1 million Other Funds per biennium. Under current law, if a naturopathic physician is credentialed as a Primary Care Provider (PCP), they would be reimbursed at the same rates as other providers (Medical Doctor or Doctor of Osteopathic Medicine) that are credentialed as a PCP. If a naturopathic physician is not credentialed as a PCP (i.e. do not meet certain criteria such as having hospital admitting privileges, are available after-hours, and have Drug Enforcement Administration registration allowing them to prescribe controlled substances) then they would be paid on a different fee schedule. Passage of this bill would require that naturopathic physicians not credentialed as a PCP be paid at the higher, credentialed fee schedule.

Any fiscal impact on insurance premiums provided by OEBB will impact any educational entity that has mandated or elective coverage under OEBB. This includes school districts, community colleges, education service districts and some charter schools.

Public Employees' Benefit Board (PEBB)

Mercer, PEBB Consultant, reviewed and concurred with the methodology used by Providence to determine the premium increase associated with the requirements of this bill. Mercer also conducted an independent analysis that resulted in a 0.12% premium impact versus the 0.5% assumption of the initial less than 1% premium impact range provided by Providence. Assuming this applies to PEBB's other medical and prescription drug plans, with the exception of Kaiser, there could be a fiscal impact of \$1.7 million per biennium.

Also note that any proposed legislation resulting in a fiscal impact on insurance premiums provided by PEBB will have a General Fund impact on state agencies because about 40% to 45% of PEBB premium resources come from state agencies' flexible benefits payroll General Fund budget.

Department of Consumer and Business Services (DCBS), Oregon Board of Naturopathic Medicine (OBNM)

Passage of this bill is anticipated to have no fiscal impact on DCBS and OBNM.