A-Bill for an Act
Relating to primary care; creating new provisions; amending ORS 243.105, 243.107, 243.135, 243.860, 243.866, 279A.025, 414.625, 414.653 and 743.010 and sections 1, 2, 3 and 5, chapter 575, Oregon Laws 2015, and sections 3 and 20, chapter 489, Oregon Laws 2017; and repealing ORS 743B.458.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS chapter 413.

SECTION 2. (1) As used in this section:
(a) “Behavioral health clinician” means:
(A) A psychiatrist;
(B) A psychologist licensed under ORS 675.010 to 675.150;
(C) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psychiatric mental health;
(D) A clinical social worker licensed under ORS 675.530;
(E) A marriage and family therapist or professional counselor licensed under ORS 675.715;
(F) A clinical social work associate certified under ORS 675.537; or
(G) An intern or resident who is working under a board-approved supervisory contract in a clinical mental health field.

(b) “Primary care” means family medicine, general internal medicine, naturopathic medicine, pediatrics and care provided by primary care integrated behavioral health clinicians or primary care integrated women’s health clinicians.

(c) “Primary care integrated behavioral health clinician” means:

NOTE: Matter in boldfaced type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in boldfaced type.

LC 2852
(A) A care team member as defined in ORS 414.025 (15)(b); or

(B) A behavioral health clinician providing care to individuals and families in a patient centered primary care home to address one or more of the following:

(i) Mental illness.

(ii) Substance use disorders.

(iii) Health behaviors that contribute to chronic illness.

(iv) Life stressors and crises.

(v) Developmental risks and conditions.

(vi) Stress-related physical symptoms.

(vii) Preventive care.

(viii) Ineffective patterns of health care utilization.

(d) “Primary care integrated women's health clinician” means one of the following clinicians whose practice is focused on women's health and primary care and who provides a range of the services within a patient centered primary care home:

(A) A physician who is an obstetrician or gynecologist;

(B) A nurse practitioner;

(C) A physician assistant; or

(D) Another health professional licensed or certified in this state.

(e) “Total medical expenditures” means total expenditures for physical and mental health care provided to members of a coordinated care organization, excluding expenditures for vision care and dental care.

(2) No later than January 1, 2023, a coordinated care organization must spend at least 12 percent of the coordinated care organization's total medical expenditures on primary care.

(3) No later than January 1, 2020, a coordinated care organization must reimburse a percentage, as established by the Oregon Health Authority by rule, of all primary care costs using alternative payment methodologies.

(4) After the Oregon Health Authority has established a global budget for a coordinated care organization for a calendar year, the coordinated care organization shall report to the authority, at the time and in the manner prescribed by the authority by rule:

(a) The percentage of the global budget that the coordinated care organization anticipates spending on primary care in the calendar year;

(b) The percentage of the spending on primary care that will be in the form of alternative payment methodologies in the calendar year; and

(c) The types of alternative payment methodologies that the coordinated care organization will use during the calendar year.

SECTION 3. ORS 243.105 is amended to read:

243.105. As used in ORS 243.105 to 243.285, unless the context requires otherwise:

(1) “Behavioral health clinician” means:

(a) A psychiatrist;

(b) A psychologist licensed under ORS 675.010 to 675.150;

(c) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psychiatric mental health;

(d) A clinical social worker licensed under ORS 675.530;

(e) A marriage and family therapist or professional counselor licensed under ORS 675.715;

(f) A clinical social work associate certified under ORS 675.537; or
(g) An intern or resident who is working under a board-approved supervisory contract in a clinical mental health field.

[(1)] (2) “Benefit plan” includes, but is not limited to:

(a) Contracts for insurance or other benefits, including medical, dental, vision, life, disability and other health care recognized by state law, and related services and supplies;

(b) Comparable benefits for employees who rely on spiritual means of healing; and

(c) Self-insurance programs managed by the Public Employees’ Benefit Board.

[(2)] (3) “Board” means the Public Employees’ Benefit Board.

[(3)] (4) “Carrier” means an insurance company or health care service contractor holding a valid certificate of authority from the Director of the Department of Consumer and Business Services, or two or more companies or contractors acting together pursuant to a joint venture, partnership or other joint means of operation, or a board-approved guarantor of benefit plan coverage and compensation.

[(4)(a)] (5)(a) “Eligible employee” means an officer or employee of a state agency or local government who elects to participate in one of the group benefit plans described in ORS 243.135. The term includes, but is not limited to, state officers and employees in the exempt, unclassified and classified service, and state officers and employees, whether or not retired, who:

(A) Are receiving a service retirement allowance, a disability retirement allowance or a pension under the Public Employees Retirement System or are receiving a service retirement allowance, a disability retirement allowance or a pension under any other retirement or disability benefit plan or system offered by the State of Oregon for its officers and employees;

(B) Are eligible to receive a service retirement allowance under the Public Employees Retirement System and have reached earliest retirement age under ORS chapter 238;

(C) Are eligible to receive a pension under ORS 238A.100 to 238A.250, and have reached earliest retirement age as described in ORS 238A.165; or

(D) Are eligible to receive a service retirement allowance or pension under another retirement benefit plan or system offered by the State of Oregon and have attained earliest retirement age under the plan or system.

(b) “Eligible employee” does not include individuals:

(A) Engaged as independent contractors;

(B) Whose periods of employment in emergency work are on an intermittent or irregular basis;

(C) Who are employed on less than half-time basis unless the individuals are employed in positions classified as job-sharing positions, unless the individuals are defined as eligible under rules of the board;

(D) Appointed under ORS 240.309;

(E) Provided sheltered employment or make-work by the state in an employment or industries program maintained for the benefit of such individuals;

(F) Provided student health care services in conjunction with their enrollment as students at a public university listed in ORS 352.002; or

(G) Who are members of a collective bargaining unit that represents police officers or firefighters.

[(5)] (6) “Family member” means an eligible employee’s spouse and any unmarried child or stepchild within age limits and other conditions imposed by the board with regard to unmarried children or stepchildren.

[(6)] (7) “Local government” means any city, county or special district in this state or any
intergovernmental entity created under ORS chapter 190.

(8) “Patient centered primary care home” has the meaning given that term in ORS 414.025.

[(7)] (9) “Payroll disbursing officer” means the officer or official authorized to disburse moneys in payment of salaries and wages of employees of a state agency or local government.

[(8)] (10) “Premium” means the monthly or other periodic charge for a benefit plan.

[(9)] (11) “Primary care” means family medicine, general internal medicine, naturopathic medicine, obstetrics and gynecology, pediatrics or general psychiatry. and care provided by primary care integrated behavioral health clinicians or primary care integrated women’s health clinicians.

(12) “Primary care integrated behavioral health clinician” means:

(a) A care team member as defined in ORS 414.025 (15)(b); or

(b) A behavioral health clinician providing care to individuals and families in a patient centered primary care home to address one or more of the following:

(A) Mental illness.

(B) Substance use disorders.

(C) Health behaviors that contribute to chronic illness.

(D) Life stressors and crises.

(E) Developmental risks and conditions.

(F) Stress-related physical symptoms.

(G) Preventive care.

(H) Ineffective patterns of health care utilization.

(13) “Primary care integrated women's health clinician” means one of the following clinicians whose practice is focused on women's health and primary care and who provides a range of the services within a patient centered primary care home:

(a) A physician who is an obstetrician or gynecologist;

(b) A nurse practitioner;

(c) A physician assistant; or

(d) Another health professional licensed or certified in this state.

[(10)] (14) “State agency” means every state officer, board, commission, department or other activity of state government.

[(11)] (15) “Total medical expenditures” means payments to reimburse the cost of physical and mental health care provided to eligible employees or their family members, excluding prescription drugs, vision care and dental care, whether paid on a fee-for-service basis or as part of a capitated rate or other type of payment mechanism.

SECTION 3a. ORS 243.107 is amended to read:

243.107. A person employed by a public university listed in ORS 352.002 or the Oregon Health and Science University may be considered an eligible employee for participation in one of the group benefit plans described in ORS 243.135 if the governing board of the public university, or the Oregon Health and Science University Board of Directors for Oregon Health and Science University employees, determines that funds are available therefor and if:

(1) Notwithstanding ORS 243.105 [(4)(b)(F)] (5)(b)(F), the person is a student enrolled in an institution of higher education and is employed as a graduate teaching assistant, graduate research assistant or a fellow at the institution and elects to participate; or

(2) Notwithstanding ORS 243.105 [(4)(b)(B)] (5)(b)(B) or (C), the person is employed on a less
than half-time basis in an unclassified instructional or research support capacity and elects to par-

**SECTION 4.** ORS 243.135 is amended to read:

243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public
Employees’ Benefit Board, the board shall contract for a health benefit plan or plans best designed
to meet the needs and provide for the welfare of eligible employees, the state and the local gov-
ernments. In considering whether to enter into a contract for a plan, the board shall place emphasis
on:

(a) Employee choice among high quality plans;
(b) A competitive marketplace;
(c) Plan performance and information;
(d) Employer flexibility in plan design and contracting;
(e) Quality customer service;
(f) Creativity and innovation;
(g) Plan benefits as part of total employee compensation;
(h) The improvement of employee health; and
(i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the
plan.

(2) The board may approve more than one carrier for each type of plan contracted for and of-
fered but the number of carriers shall be held to a number consistent with adequate service to eli-
gible employees and their family members.

(3) Where appropriate for a contracted and offered health benefit plan, the board shall provide
options under which an eligible employee may arrange coverage for family members.

(4) Payroll deductions for costs that are not payable by the state or a local government may be
made upon receipt of a signed authorization from the employee indicating an election to participate
in the plan or plans selected and the deduction of a certain sum from the employee’s pay.

(5) In developing any health benefit plan, the board may provide an option of additional cover-
age for eligible employees and their family members at an additional cost or premium.

(6) Transfer of enrollment from one plan to another shall be open to all eligible employees and
their family members under rules adopted by the board. Because of the special problems that may
arise in individual instances under comprehensive group practice plan coverage involving acceptable
provider-patient relations between a particular panel of providers and particular eligible employees
and their family members, the board shall provide a procedure under which any eligible employee
may apply at any time to substitute a health service benefit plan for participation in a comprehen-
sive group practice benefit plan.

(7) The board shall evaluate a benefit plan that serves a limited geographic region of this state
according to the criteria described in subsection (1) of this section.

(8) By January 1, 2023, the board shall spend at least 12 percent of its total medical expen-
ditures in self-insured health benefit plans on payments for primary care.

(9) By January 1, 2020, the board shall reimburse a percentage, as established by rule by
the Oregon Health Authority in collaboration with the Department of Consumer and Busi-
ness Services, of all primary care costs in self-insured health benefit plans offered to eligible
employees using alternative payment methodologies, as defined in ORS 414.025.

(10) No later than December 1 of each calendar year, the board shall report to the au-
thority, with respect to the self-insured health benefit plans offered to eligible employees for
the next calendar year:

(a) The percentage of total medical expenditures that the board anticipates spending on primary care;

(b) The percentage of spending on primary care that will be in the form of alternative payment methodologies; and

(c) The types of alternative payment methodologies that will be used to reimburse health care providers.

(9) (11) No later than February 1 of each year, the board shall report to the Legislative Assembly on the board’s progress toward achieving the [target of spending at least 12 percent of total medical expenditures in self-insured health benefit plans on payments for primary care] spending targets described in subsection (8) of this section and the board’s plan for achieving the targets.

SECTION 5. ORS 243.135, as amended by section 27, chapter 746, Oregon Laws 2017, is amended to read:

243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public Employees’ Benefit Board, the board shall contract for a health benefit plan or plans best designed to meet the needs and provide for the welfare of eligible employees, the state and the local governments. In considering whether to enter into a contract for a plan, the board shall place emphasis on:

(a) Employee choice among high quality plans;
(b) A competitive marketplace;
(c) Plan performance and information;
(d) Employer flexibility in plan design and contracting;
(e) Quality customer service;
(f) Creativity and innovation;
(g) Plan benefits as part of total employee compensation;
(h) The improvement of employee health; and
(i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the plan.

(2) The board may approve more than one carrier for each type of plan contracted for and offered but the number of carriers shall be held to a number consistent with adequate service to eligible employees and their family members.

(3) Where appropriate for a contracted and offered health benefit plan, the board shall provide options under which an eligible employee may arrange coverage for family members who are not enrolled in another health benefit plan offered by the board or the Oregon Educators Benefit Board. An eligible employee who declines coverage in a health benefit plan offered by the Public Employees’ Benefit Board or the Oregon Educators Benefit Board and who is enrolled as a spouse or family member in another health benefit plan offered by the Public Employees’ Benefit Board or the Oregon Educators Benefit Board may not be paid the employer contribution for the plan that was declined.

(4) Payroll deductions for costs that are not payable by the state or a local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the plan or plans selected and the deduction of a certain sum from the employee’s pay.

(5) In developing any health benefit plan, the board may provide an option of additional coverage for eligible employees and their family members at an additional cost or premium.
(6) Transfer of enrollment from one plan to another shall be open to all eligible employees and their family members under rules adopted by the board. Because of the special problems that may arise in individual instances under comprehensive group practice plan coverage involving acceptable provider-patient relations between a particular panel of providers and particular eligible employees and their family members, the board shall provide a procedure under which any eligible employee may apply at any time to substitute a health service benefit plan for participation in a comprehensive group practice benefit plan.

(7) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

(8)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

(b) The board shall adopt policies and practices designed to limit the annual increase in premium amounts paid for contracted health benefit plans to 3.4 percent.

(9) A carrier or third party administrator that contracts with the board to provide or administer a health benefit plan shall, at least once each plan year, conduct an audit of the health benefit plan enrollees’ continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

(10) By January 1, 2023, the board shall spend at least 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care.

(11) By January 1, 2020, the board shall reimburse a percentage, as established by rule by the Oregon Health Authority in collaboration with the Department of Consumer and Business Services, of all primary care costs in self-insured health benefit plans offered to eligible employees using alternative payment methodologies, as defined in ORS 414.025.

(12) No later than December 1 of each calendar year, the board shall report to the authority, with respect to the self-insured health benefit plans offered to eligible employees for the next calendar year:

(a) The percentage of total medical expenditures that the board anticipates spending on primary care;

(b) The percentage of spending on primary care that will be in the form of alternative payment methodologies; and

(c) The types of alternative payment methodologies that will be used to reimburse health care providers.

[(11)] (13) No later than February 1 of each year, the board shall report to the Legislative Assembly on the board’s progress toward achieving the [target of spending at least 12 percent of total medical expenditures in self-insured health benefit plans on payments for primary care] spending targets described in subsection (10) of this section and the board’s plan for achieving the targets.

SECTION 6. ORS 243.135, as amended by section 16, chapter 489, Oregon Laws 2017, and section 27, chapter 746, Oregon Laws 2017, is amended to read:

243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public Employees’ Benefit Board, the board shall contract for a health benefit plan or plans best designed to meet the needs and provide for the welfare of eligible employees, the state and the local governments. In considering whether to enter into a contract for a plan, the board shall place emphasis on:
(a) Employee choice among high quality plans;
(b) A competitive marketplace;
(c) Plan performance and information;
(d) Employer flexibility in plan design and contracting;
(e) Quality customer service;
(f) Creativity and innovation;
(g) Plan benefits as part of total employee compensation;
(h) The improvement of employee health; and
(i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the plan.

(2) The board may approve more than one carrier for each type of plan contracted for and offered but the number of carriers shall be held to a number consistent with adequate service to eligible employees and their family members.

(3) Where appropriate for a contracted and offered health benefit plan, the board shall provide options under which an eligible employee may arrange coverage for family members who are not enrolled in another health benefit plan offered by the board or the Oregon Educators Benefit Board. An eligible employee who declines coverage in a health benefit plan offered by the Public Employees’ Benefit Board or the Oregon Educators Benefit Board and who is enrolled as a spouse or family member in another health benefit plan offered by the Public Employees’ Benefit Board or the Oregon Educators Benefit Board may not be paid the employer contribution for the plan that was declined.

(4) Payroll deductions for costs that are not payable by the state or a local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the plan or plans selected and the deduction of a certain sum from the employee’s pay.

(5) In developing any health benefit plan, the board may provide an option of additional coverage for eligible employees and their family members at an additional cost or premium.

(6) Transfer of enrollment from one plan to another shall be open to all eligible employees and their family members under rules adopted by the board. Because of the special problems that may arise in individual instances under comprehensive group practice plan coverage involving acceptable provider-patient relations between a particular panel of providers and particular eligible employees and their family members, the board shall provide a procedure under which any eligible employee may apply at any time to substitute a health service benefit plan for participation in a comprehensive group practice benefit plan.

(7) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

(8)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

(b) The board shall adopt policies and practices designed to limit the annual increase in premium amounts paid for contracted health benefit plans to 3.4 percent.

(9) A carrier or third party administrator that contracts with the board to provide or administer a health benefit plan shall, at least once each plan year, conduct an audit of the health benefit plan enrollees’ continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

(10) The board shall spend at least 12 percent of its total medical expenditures in self-
The board shall reimburse a percentage, as established by rule by the Oregon Health Authority in collaboration with the Department of Consumer and Business Services, of all primary care costs in self-insured health benefit plans offered to eligible employees using alternative payment methodologies, as defined in ORS 414.025.

(12) No later than December 1 of each calendar year, the board shall report to the authority, with respect to the self-insured health benefit plans offered to eligible employees for the next calendar year:

(a) The percentage of total medical expenditures that the board anticipates spending on primary care;
(b) The percentage of spending on primary care that will be in the form of alternative payment methodologies; and
(c) The types of alternative payment methodologies that will be used to reimburse health care providers.

[(10)] (13) If the board [spends less than 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care] fails to meet the financial requirements described in subsection (10) of this section, the board shall implement a plan for increasing, by at least one percent each year:

(a) The percentage of total medical expenditures spent on payments for primary care; and
(b) The percentage of primary care costs that are reimbursed using alternative payment methodologies [by at least one percent each year].

[(11)] (14) No later than February 1 of each year, the board shall report to the Legislative Assembly on any plan implemented under subsection [(10)] (13) of this section and on the board's progress toward achieving the [target of spending at least 12 percent of total medical expenditures in self-insured health benefit plans on payments for primary care] financial requirements described in subsection (12) of this section.

SECTION 7. ORS 243.860 is amended to read:

243.860. As used in ORS 243.860 to 243.886, unless the context requires otherwise:

(1) “Behavioral health clinician” means:
(a) A psychiatrist;
(b) A psychologist licensed under ORS 675.010 to 675.150;
(c) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psychiatric mental health;
(d) A clinical social worker licensed under ORS 675.530;
(e) A marriage and family therapist or professional counselor licensed under ORS 675.715;
(f) A clinical social work associate certified under ORS 675.537; or
(g) An intern or resident who is working under a board-approved supervisory contract in a clinical mental health field.

[(11)] (2) “Benefit plan” includes but is not limited to:
(a) Contracts for insurance or other benefits, including medical, dental, vision, life, disability and other health care recognized by state law, and related services and supplies;
(b) Self-insurance programs managed by the Oregon Educators Benefit Board; and
(c) Comparable benefits for employees who rely on spiritual means of healing.

[(2)] (3) “Carrier” means an insurance company or health care service contractor holding a valid certificate of authority from the Director of the Department of Consumer and Business Services, or
two or more companies or contractors acting together pursuant to a joint venture, partnership or other joint means of operation, or a board-approved provider or guarantor of benefit plan coverage and compensation.

[(3)] (4) “District” means a common school district, a union high school district, an education service district, as defined in ORS 334.003, or a community college district, as defined in ORS 341.005.

[(4)(a)] (5)(a) “Eligible employee” includes:

(A) An officer or employee of a district or a local government who elects to participate in one of the benefit plans described in ORS 243.864 to 243.874; and

(B) An officer or employee of a district or a local government, whether or not retired, who:

(i) Is receiving a service retirement allowance, a disability retirement allowance or a pension under the Public Employees Retirement System or is receiving a service retirement allowance, a disability retirement allowance or a pension under any other retirement or disability benefit plan or system offered by the district or local government for its officers and employees;

(ii) Is eligible to receive a service retirement allowance under the Public Employees Retirement System and has reached earliest service retirement age under ORS chapter 238;

(iii) Is eligible to receive a pension under ORS 238A.100 to 238A.250 and has reached earliest retirement age as described in ORS 238A.165; or

(iv) Is eligible to receive a service retirement allowance or pension under any other retirement benefit plan or system offered by the district or local government and has attained earliest retirement age under the plan or system.

(b) Except as provided in paragraph (a)(B) of this subsection, “eligible employee” does not include an individual:

(A) Engaged as an independent contractor;

(B) Whose periods of employment in emergency work are on an intermittent or irregular basis; or

(C) Who is employed on less than a half-time basis unless the individual is employed in a position classified as a job-sharing position or unless the individual is defined as eligible under rules of the Oregon Educators Benefit Board or under a collective bargaining agreement.

[(5)] (6) “Family member” means an eligible employee’s spouse or domestic partner and any unmarried child or stepchild of an eligible employee within age limits and other conditions imposed by the Oregon Educators Benefit Board with regard to unmarried children or stepchildren.

[(6)] (7) “Local government” means any city, county or special district in this state.

[(8)] “Patient centered primary care home” has the meaning given that term in ORS 414.025.

[(7)] (9) “Payroll disbursing officer” means the officer or official authorized to disburse moneys in payment of salaries and wages of officers and employees of a district or a local government.

[(8)] (10) “Premium” means the monthly or other periodic charge, including administrative fees of the Oregon Educators Benefit Board, for a benefit plan.

[(9)] (11) “Primary care” means family medicine, general internal medicine, naturopathic medicine, [obstetrics and gynecology], pediatrics [or general psychiatry.] and care provided by primary care integrated behavioral health clinicians or primary care integrated women’s health clinicians.

(12) “Primary care integrated behavioral health clinician” means:

(a) A care team member as defined in ORS 414.025 (15)(b); or
(b) A behavioral health clinician providing care to individuals and families in a patient
centered primary care home to address one or more of the following:

(A) Mental illness.
(B) Substance use disorders.
(C) Health behaviors that contribute to chronic illness.
(D) Life stressors and crises.
(E) Developmental risks and conditions.
(F) Stress-related physical symptoms.
(G) Preventive care.
(H) Ineffective patterns of health care utilization.

(13) “Primary care integrated women's health clinician” means one of the following
clinicians whose practice is focused on women's health and primary care and who provides
a range of the services within a patient centered primary care home:

(a) A physician who is an obstetrician or gynecologist;
(b) A nurse practitioner;
(c) A physician assistant; or
(d) Another health professional licensed or certified in this state.

(10) (14) “Total medical expenditures” means payments to reimburse the cost of physical and
mental health care provided to eligible employees or their family members, excluding [prescription
drugs,] vision care and dental care, whether paid on a fee-for-service basis or as part of a capitated
rate or other type of payment mechanism.

SECTION 8. ORS 243.866 is amended to read:

243.866. (1) The Oregon Educators Benefit Board shall contract for benefit plans best designed
to meet the needs and provide for the welfare of eligible employees, the districts and local govern-
ments. In considering whether to enter into a contract for a benefit plan, the board shall place em-
phasis on:

(a) Employee choice among high-quality plans;
(b) Encouragement of a competitive marketplace;
(c) Plan performance and information;
(d) District and local government flexibility in plan design and contracting;
(e) Quality customer service;
(f) Creativity and innovation;
(g) Plan benefits as part of total employee compensation;
(h) Improvement of employee health; and
(i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the
plan.

(2) The board may approve more than one carrier for each type of benefit plan offered, but the
board shall limit the number of carriers to a number consistent with adequate service to eligible
employees and family members.

(3) When appropriate, the board shall provide options under which an eligible employee may
arrange coverage for family members under a benefit plan.

(4) A district or a local government shall provide that payroll deductions for benefit plan costs
that are not payable by the district or local government may be made upon receipt of a signed au-
thorization from the employee indicating an election to participate in the benefit plan or plans se-
lected and allowing the deduction of those costs from the employee's pay.

[11]
(5) In developing any benefit plan, the board may provide an option of additional coverage for eligible employees and family members at an additional premium.

(6) The board shall adopt rules providing that transfer of enrollment from one benefit plan to another is open to all eligible employees and family members. Because of the special problems that may arise involving acceptable provider-patient relations between a particular panel of providers and a particular eligible employee or family member under a comprehensive group practice benefit plan, the board shall provide a procedure under which any eligible employee may apply at any time to substitute another benefit plan for participation in a comprehensive group practice benefit plan.

(7) An eligible employee who is retired is not required to participate in a health benefit plan offered under this section in order to obtain dental benefit plan coverage. The board shall establish by rule standards of eligibility for retired employees to participate in a dental benefit plan.

(8) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

(9) By January 1, 2023, the board shall spend at least 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care.

(10) By January 1, 2020, the board shall reimburse a percentage, as established by rule by the Oregon Health Authority in collaboration with the Department of Consumer and Business Services, of all primary care costs in self-insured health benefit plans offered to eligible employees using alternative payment methodologies, as defined in ORS 414.025.

(11) No later than December 1 of each calendar year, the board shall report to the authority, with respect to the self-insured health benefit plans offered to eligible employees for the next calendar year:

(a) The percentage of total medical expenditures that the board anticipates spending on primary care;

(b) The percentage of spending on primary care that will be in the form of alternative payment methodologies; and

(c) The types of alternative payment methodologies that will be used to reimburse health care providers.

[(10)] (12) No later than February 1 of each year, the board shall report to the Legislative Assembly on the board’s progress toward achieving the [target of spending at least 12 percent of total medical expenditures on payments for primary care] spending targets described in subsection (9) of this section and the board’s plan for achieving the targets.

SECTION 9. ORS 243.866, as amended by section 28, chapter 746, Oregon Laws 2017, is amended to read:

243.866. (1) The Oregon Educators Benefit Board shall contract for benefit plans best designed to meet the needs and provide for the welfare of eligible employees, the districts and local governments. In considering whether to enter into a contract for a benefit plan, the board shall place emphasis on:

(a) Employee choice among high-quality plans;

(b) Encouragement of a competitive marketplace;

(c) Plan performance and information;

(d) District and local government flexibility in plan design and contracting;

(e) Quality customer service;

(f) Creativity and innovation;

(g) Plan benefits as part of total employee compensation;
(h) Improvement of employee health; and

(i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the plan.

(2) The board may approve more than one carrier for each type of benefit plan offered, but the board shall limit the number of carriers to a number consistent with adequate service to eligible employees and family members who are not enrolled in another health benefit plan offered by the board or the Public Employees’ Benefit Board. An eligible employee who declines coverage in a health benefit plan offered by the Oregon Educators Benefit Board or the Public Employees’ Benefit Board and who is enrolled as a spouse or family member in another health benefit plan offered by the Oregon Educators Benefit Board or the Public Employees’ Benefit Board may not be paid the employer contribution for the plan that was declined.

(3) When appropriate, the board shall provide options under which an eligible employee may arrange coverage for family members under a benefit plan.

(4) A district or a local government shall provide that payroll deductions for benefit plan costs that are not payable by the district or local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the benefit plan or plans selected and allowing the deduction of those costs from the employee’s pay.

(5) In developing any benefit plan, the board may provide an option of additional coverage for eligible employees and family members at an additional premium.

(6) The board shall adopt rules providing that transfer of enrollment from one benefit plan to another is open to all eligible employees and family members. Because of the special problems that may arise involving acceptable provider-patient relations between a particular panel of providers and a particular eligible employee or family member under a comprehensive group practice benefit plan, the board shall provide a procedure under which any eligible employee may apply at any time to substitute another benefit plan for participation in a comprehensive group practice benefit plan.

(7) An eligible employee who is retired is not required to participate in a health benefit plan offered under this section in order to obtain dental benefit plan coverage. The board shall establish by rule standards of eligibility for retired employees to participate in a dental benefit plan.

(8) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

(9)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

(b) The board shall adopt policies and practices designed to limit the annual increase in premium amounts paid for contracted health benefit plans to 3.4 percent.

(10) A carrier or third party administrator that contracts with the board to provide or administer a health benefit plan shall, at least once each plan year, conduct an audit of the health benefit plan enrollees’ continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

(11) By January 1, 2023, the board shall spend at least 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care.

(12) By January 1, 2020, the board shall reimburse a percentage, as established by rule by the Oregon Health Authority in collaboration with the Department of Consumer and Business Services, of all primary care costs in self-insured health benefit plans offered to eligible employees using alternative payment methodologies, as defined in ORS 414.025.
(13) No later than December 1 of each calendar year, the board shall report to the authority, with respect to the self-insured health benefit plans offered to eligible employees for the next calendar year:

(a) The percentage of total medical expenditures that the board anticipates spending on primary care;

(b) The percentage of spending on primary care that will be in the form of alternative payment methodologies; and

(c) The types of alternative payment methodologies that will be used to reimburse health care providers.

(12) No later than February 1 of each year, the board shall report to the Legislative Assembly on the board's progress toward achieving the spending targets described in subsection (11) of this section and the board's plan for achieving the targets.

SECTION 10. ORS 243.866, as amended by section 17, chapter 489, Oregon Laws 2017, and section 28, chapter 746, Oregon Laws 2017, is amended to read:

243.866. (1) The Oregon Educators Benefit Board shall contract for benefit plans best designed to meet the needs and provide for the welfare of eligible employees, the districts and local governments. In considering whether to enter into a contract for a benefit plan, the board shall place emphasis on:

(a) Employee choice among high-quality plans;

(b) Encouragement of a competitive marketplace;

(c) Plan performance and information;

(d) District and local government flexibility in plan design and contracting;

(e) Quality customer service;

(f) Creativity and innovation;

(g) Plan benefits as part of total employee compensation;

(h) Improvement of employee health; and

(i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the plan.

(2) The board may approve more than one carrier for each type of benefit plan offered, but the board shall limit the number of carriers to a number consistent with adequate service to eligible employees and family members who are not enrolled in another health benefit plan offered by the board or the Public Employees' Benefit Board. An eligible employee who declines coverage in a health benefit plan offered by the Oregon Educators Benefit Board or the Public Employees' Benefit Board and who is enrolled as a spouse or family member in another health benefit plan offered by the Oregon Educators Benefit Board or the Public Employees' Benefit Board may not be paid the employer contribution for the plan that was declined.

(3) When appropriate, the board shall provide options under which an eligible employee may arrange coverage for family members under a benefit plan.

(4) A district or a local government shall provide that payroll deductions for benefit plan costs that are not payable by the district or local government may be made upon receipt of a signed authorization from the employee indicating an election to participate in the benefit plan or plans selected and allowing the deduction of those costs from the employee's pay.

(5) In developing any benefit plan, the board may provide an option of additional coverage for eligible employees and family members at an additional premium.
(6) The board shall adopt rules providing that transfer of enrollment from one benefit plan to another is open to all eligible employees and family members. Because of the special problems that may arise involving acceptable provider-patient relations between a particular panel of providers and a particular eligible employee or family member under a comprehensive group practice benefit plan, the board shall provide a procedure under which any eligible employee may apply at any time to substitute another benefit plan for participation in a comprehensive group practice benefit plan.

(7) An eligible employee who is retired is not required to participate in a health benefit plan offered under this section in order to obtain dental benefit plan coverage. The board shall establish by rule standards of eligibility for retired employees to participate in a dental benefit plan.

(8) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

(9)(a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to limit the growth in per-member expenditures for health services to no more than 3.4 percent per year.

(b) The board shall adopt policies and practices designed to limit the annual increase in premium amounts paid for contracted health benefit plans to 3.4 percent.

(10) A carrier or third party administrator that contracts with the board to provide or administer a health benefit plan shall, at least once each plan year, conduct an audit of the health benefit plan enrollees’ continued eligibility for coverage as spouses or dependents or any other basis that would affect the cost of the premium for the plan.

(11) The board shall:

(a) Spend at least 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care; and

(b) Reimburse a percentage, as established by rule by the Oregon Health Authority in collaboration with the Department of Consumer and Business Services, of all primary care costs in self-insured health benefit plans that are offered to eligible employees using alternative payment methodologies, as defined in ORS 414.025.

[(11)] (12) If the board spends less than 12 percent of its total medical expenditures in self-insured health benefit plans on payments for primary care] fails to meet the financial requirements described in subsection (11) of this section, the board shall implement a plan for increasing, by at least one percent each year:

(a) The percentage of total medical expenditures spent on payments for primary care [by at least one percent each year]; and

(b) The percentage of primary care costs that are reimbursed using alternative payment methodologies.

(13) No later than December 1 of each calendar year, the board shall report to the authority, with respect to the self-insured health benefit plans offered to eligible employees for the next calendar year:

(a) The percentage of total medical expenditures that the board anticipates spending on primary care;

(b) The percentage of spending on primary care that will be in the form of alternative payment methodologies; and

(c) The types of alternative payment methodologies that will be used to reimburse health care providers.

[(12)] (14) No later than February 1 of each year, the board shall report to the Legislative As-
sembly on any plan implemented under subsection [(11)] (12) of this section and on the board’s progress toward achieving the [target of spending at least 12 percent of total medical expenditures on payments for primary care] financial requirements described in subsection (11) of this section.

SECTION 10a. ORS 279A.025 is amended to read:

279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting Code applies to all public contracting.

(2) The Public Contracting Code does not apply to:
   (a) Contracts between a contracting agency and:
       (A) Another contracting agency;
       (B) The Oregon Health and Science University;
       (C) A public university listed in ORS 352.002;
       (D) The Oregon State Bar;
       (E) A governmental body of another state;
       (F) The federal government;
       (G) An American Indian tribe or an agency of an American Indian tribe;
       (H) A nation, or a governmental body in a nation, other than the United States; or
       (I) An intergovernmental entity formed between or among:
           (i) Governmental bodies of this or another state;
           (ii) The federal government;
           (iii) An American Indian tribe or an agency of an American Indian tribe;
           (iv) A nation other than the United States; or
           (v) A governmental body in a nation other than the United States;
       (b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or other authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies;
       (c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and 414.145 for purposes of source selection;
       (d) Grants;
       (e) Contracts for professional or expert witnesses or consultants to provide services or testimony relating to existing or potential litigation or legal matters in which a public body is or may become interested;
       (f) Acquisitions or disposals of real property or interest in real property;
       (g) Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;
       (h) Contracts for the procurement or distribution of textbooks;
       (i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;
       (j) The procurement, transportation, sale or distribution of distilled liquor, as defined in ORS 471.001, or the appointment of agents under ORS 471.230 or 471.750 by the Oregon Liquor Control Commission;
       (k) Contracts entered into under ORS chapter 180 between the Attorney General and private counsel or special legal assistants;
       (L) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry and the State Forestry Department;
       (m) Contracts for activities necessary or convenient for the sale of timber under paragraph (L) of this subsection, either separately from or in conjunction with contracts for the sale of timber,
including but not limited to activities such as timber harvesting and sorting, transporting, gravel pit development or operation, and road construction, maintenance or improvement;

(n) Contracts for forest protection or forest related activities, as described in ORS 477.406, by the State Forester or the State Board of Forestry;

(o) Contracts entered into by the Housing and Community Services Department in exercising the department’s duties prescribed in ORS chapters 456 and 458, except that the department’s public contracting for goods and services is subject to ORS chapter 279B;

(p) Contracts entered into by the State Treasurer in exercising the powers of that office prescribed in ORS 178.010 to 178.090 and 276A.242 and ORS chapters 286A, 287A, 289, 293, 294 and 295, including but not limited to investment contracts and agreements, banking services, clearing house services and collateralization agreements, bond documents, certificates of participation and other debt repayment agreements, and any associated contracts, agreements and documents, regardless of whether the obligations that the contracts, agreements or documents establish are general, special or limited, except that the State Treasurer’s public contracting for goods and services is subject to ORS chapter 279B;

(q) Contracts, agreements or other documents entered into, issued or established in connection with:

(A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;

(B) The making of program loans and similar extensions or advances of funds, aid or assistance by a public body to a public or private body for the purpose of carrying out, promoting or sustaining activities or programs authorized by law; or

(C) The investment of funds by a public body as authorized by law, and other financial transactions of a public body that by their character cannot practically be established under the competitive contractor selection procedures of ORS 279B.050 to 279B.085;


(s) Contracts for employee benefit plans as provided in ORS 243.860 to 243.886; or

(t) Any other public contracting of a public body specifically exempted from the code by another provision of law.

(3) The Public Contracting Code does not apply to the contracting activities of:

(a) The Oregon State Lottery Commission;

(b) The legislative department;

(c) The judicial department;

(d) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(e) Oregon Corrections Enterprises;

(f) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to 279A.290;

(g) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

(h) The Oregon 529 Savings Network and the Oregon 529 Savings Board;

(i) The Oregon Innovation Council;

(j) The Oregon Utility Notification Center; or

(k) Any other public body specifically exempted from the code by another provision of law.

(4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with qualified nonprofit agencies providing employment opportunities for individuals with disabilities un-
der ORS 279.835 to 279.855.

**SECTION 11.** ORS 414.653 is amended to read:

414.653. (1) The Oregon Health Authority shall encourage coordinated care organizations to use alternative payment methodologies that:

(a) Reimburse providers on the basis of health outcomes and quality measures instead of the volume of care;

(b) Hold organizations and providers responsible for the efficient delivery of quality care;

(c) Reward good performance;

(d) Limit increases in medical costs; and

(e) Use payment structures that create incentives to:

(A) Promote prevention;

(B) Provide person centered care; and

(C) Reward comprehensive care coordination using delivery models such as patient centered primary care homes and behavioral health homes.

(2) The authority shall encourage coordinated care organizations to utilize alternative payment methodologies that move from a predominantly fee-for-service system to payment methods that base reimbursement on the quality rather than the quantity of services provided.

(3) A coordinated care organization that participates in a national primary care medical home payment model, conducted by the Center for Medicare and Medicaid Innovation in accordance with 42 U.S.C. 1315a, that includes performance-based incentive payments for primary care, shall offer similar alternative payment methodologies to all patient centered primary care homes identified in accordance with ORS 413.259 that serve members of the coordinated care organization.

(4) The authority shall assist and support coordinated care organizations in identifying cost-cutting measures.

(5) If a service provided in a health care facility is not covered by Medicare because the service is related to a health care acquired condition, the cost of the service may not be:

(a) Charged by a health care facility or any health services provider employed by or with privileges at the facility, to a coordinated care organization, a patient or a third-party payer; or

(b) Reimbursed by a coordinated care organization.

(6)(a) Notwithstanding subsections (1) and (2) of this section, until July 1, 2014, a coordinated care organization that contracts with a Type A or Type B hospital or a rural critical access hospital, as described in ORS 442.470, shall reimburse the hospital fully for the cost of covered services based on the cost-to-charge ratio used for each hospital in setting the global payments to the coordinated care organization for the contract period.

(b) The authority shall base the global payments to coordinated care organizations that contract with rural hospitals described in this section on the most recent audited Medicare cost report for Oregon hospitals adjusted to reflect the Medicaid mix of services.

(c) The authority shall identify any rural hospital that would not be expected to remain financially viable if paid in a manner other than as prescribed in paragraphs (a) and (b) of this subsection based upon an evaluation by an actuary retained by the authority. On and after July 1, 2014, the authority may, on a case-by-case basis, require a coordinated care organization to continue to reimburse a rural hospital determined to be at financial risk, in the manner prescribed in paragraphs (a) and (b) of this subsection.

(d) This subsection does not prohibit a coordinated care organization and a hospital from mutually agreeing to reimbursement other than the reimbursement specified in paragraph (a) of this
subsection.

(e) Hospitals reimbursed under paragraphs (a) and (b) of this subsection are not entitled to any
additional reimbursement for services provided.

[(7)] (6) Notwithstanding subsections (1) and (2) of this section, coordinated care organizations
must comply with federal requirements for payments to providers of Indian health services, including
but not limited to the requirements of 42 U.S.C. 1396j and 42 U.S.C. 1396u-2(a)(2)(C).

**SECTION 12.** ORS 743.010, as amended by section 15, chapter 489, Oregon Laws 2017, is
amended to read:

743.010. (1) In addition to all other powers of the Director of the Department of Consumer and
Business Services with respect thereto, the director may issue rules with respect to policy forms and
health benefit plan forms described in ORS 742.005 (6)(a) and (b):

(a) Establishing minimum benefit standards;
(b) Requiring the ratio of benefits to premiums to be not less than a specified percentage in
order to be considered reasonable, and requiring the periodic filing of data that will demonstrate the
insurer’s compliance;
(c) Establishing requirements intended to discourage duplication or overlapping of coverage and
replacement, without regard to the advantage to policyholders, of existing policies by new policies;

(d) Establishing requirements to encourage carriers offering health benefit plans to:

(A) Spend at least 12 percent of total medical expenditures on payments for primary care; and
(B) Reimburse a percentage, as established by the director by rule, in collaboration with
the Oregon Health Authority, of all primary care costs using alternative payment methodologies;
(e) Requiring carriers to submit with each rate filing a plan to increase, by at least one
percent each plan year:

(A) The percentage of total medical expenditures spent on payments for primary care;

(B) The percentage of primary care costs that are reimbursed using alternative payment
methodologies; and

(f) Requiring carriers to report to the authority, no later than December 1 of each cal-
endar year, specifying for the next calendar year:

(A) The percentage of total medical expenditures that the carrier anticipates spending
on primary care;

(B) The percentage of spending on primary care that will be made using alternative
payment methodologies; and

(C) The types of payment methodologies that will be used to reimburse health care pro-
viders.

(2) As used in this section:

(a) “Alternative payment methodology” has the meaning given that term in ORS 414.025.
(b) “Behavioral health clinician” means:
(A) A psychiatrist;
(B) A psychologist licensed under ORS 675.010 to 675.150;
(C) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psy-
chiatric mental health;
(D) A clinical social worker licensed under ORS 675.530;
(E) A marriage and family therapist or professional counselor licensed under ORS 675.715;
(F) A clinical social work associate certified under ORS 675.537; or
(G) An intern or resident who is working under a board-approved supervisory contract in a clinical mental health field.
(c) “Patient centered primary care home” has the meaning given that term in ORS 414.025.

[(a)] (d) “Primary care” means family medicine, general internal medicine, naturopathic medicine, [obstetrics and gynecology,] pediatrics [or general psychiatry] and care provided by primary care integrated behavioral health clinicians or primary care integrated women’s health clinicians.

(e) “Primary care integrated behavioral health clinician” means:
(A) A care team member, as defined in ORS 414.025 (15)(b); or
(B) A behavioral health clinician providing care to individuals and families in a patient centered primary care home to address one or more of the following:
(i) Mental illness.
(ii) Substance use disorders.
(iii) Health behaviors that contribute to chronic illness.
(iv) Life stressors and crises.
(v) Developmental risks and conditions.
(vi) Stress-related physical symptoms.
(vii) Preventive care.
(viii) Ineffective patterns of health care utilization.
(f) “Primary care integrated women’s health clinician” means one of the following clinicians whose practice is focused on women’s health and primary care and who provides a range of the services within a patient centered primary care home:
(A) A physician who is an obstetrician or gynecologist;
(B) A nurse practitioner;
(C) A physician assistant; or
(D) Another health professional licensed or certified in this state.

[(b)] (g) “Total medical expenditures” means payments to reimburse the cost of physical and mental health care provided to enrollees, excluding [prescription drugs,] vision care and dental care, whether paid on a fee-for-service basis or as part of a capitated rate or other type of payment mechanism.

SECTION 13. ORS 743.010, as amended by section 15, chapter 489, Oregon Laws 2017, and section 12 of this 2019 Act, is amended to read:

743.010. (1) In addition to all other powers of the Director of the Department of Consumer and Business Services with respect thereto, the director may issue rules with respect to policy forms and health benefit plan forms described in ORS 742.005 (6)(a) and (b):
(a) Establishing minimum benefit standards;
(b) Requiring the ratio of benefits to premiums to be not less than a specified percentage in order to be considered reasonable, and requiring the periodic filing of data that will demonstrate the insurer’s compliance;
(c) Establishing requirements intended to discourage duplication or overlapping of coverage and replacement, without regard to the advantage to policyholders, of existing policies by new policies;
(d) Establishing requirements [to encourage] for carriers offering health benefit plans to:
(A) Spend at least 12 percent of total medical expenditures on payments for primary care; and
(B) Reimburse a percentage, as established by the director by rule, in collaboration with the
Oregon Health Authority, of all primary care costs using alternative payment methodologies; and

[(e) Requiring carriers to submit with each rate filing a plan to increase, by at least one percent
each plan year:]

[(A) The percentage of total medical expenditures spent on payments for primary care; and]
[(B) The percentage of primary care costs that are reimbursed using alternative payment method-
ologies; and]

[(f)] (e) Requiring carriers to report to the authority, no later than December 1 of each calendar
year, specifying for the next calendar year:
(A) The percentage of total medical expenditures that the carrier anticipates spending on pri-
mary care;
(B) The percentage of spending on primary care that will be made using alternative payment
methodologies; and
(C) The types of payment methodologies that will be used to reimburse health care providers.

(2) As used in this section:
(a) “Alternative payment methodology” has the meaning given that term in ORS 414.025.
(b) “Behavioral health clinician” means:
(A) A psychiatrist;
(B) A psychologist licensed under ORS 675.010 to 675.150;
(C) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psychiatric
mental health;
(D) A clinical social worker licensed under ORS 675.530;
(E) A marriage and family therapist or professional counselor licensed under ORS 675.715;
(F) A clinical social work associate certified under ORS 675.537; or
(G) An intern or resident who is working under a board-approved supervisory contract in a
clinical mental health field.

(c) “Patient centered primary care home” has the meaning given that term in ORS 414.025.
(d) “Primary care” means family medicine, general internal medicine, naturopathic medicine,
pediatrics and care provided by primary care integrated behavioral health clinicians or primary care
integrated women’s health clinicians.

(e) “Primary care integrated behavioral health clinician” means:
(A) A care team member, as defined in ORS 414.025 (15)(b); or
(B) A behavioral health clinician providing care to individuals and families in a patient centered
primary care home to address one or more of the following:
(i) Mental illness.
(ii) Substance use disorders.
(iii) Health behaviors that contribute to chronic illness.
(iv) Life stressors and crises.
(v) Developmental risks and conditions.
(vi) Stress-related physical symptoms.
(vii) Preventive care.
(viii) Ineffective patterns of health care utilization.
(f) “Primary care integrated women’s health clinician” means one of the following clinicians
whose practice is focused on women’s health and primary care and who provides a range of the
services within a patient centered primary care home:
(A) A physician who is an obstetrician or gynecologist;
(B) A nurse practitioner;
(C) A physician assistant; or
(D) Another health professional licensed or certified in this state.
(g) “Total medical expenditures” means payments to reimburse the cost of physical and mental
health care provided to enrollees, excluding vision care and dental care, whether paid on a fee-for-
service basis or as part of a capitated rate or other type of payment mechanism.

SECTION 14. Section 1, chapter 575, Oregon Laws 2015, as amended by section 12, chapter 489,
Oregon Laws 2017, is amended to read:
Sec. 1. (1) As used in this section:
(a) “Carrier” means an insurer that offers a health benefit plan, as defined in ORS 743B.005.
(b) “Prominent carrier” means:
(A) A carrier with annual premium income at a threshold, of no less than $50 million, estab-
lished by the Department of Consumer and Business Services by rule.
(B) The Public Employees’ Benefit Board.
(C) The Oregon Educators Benefit Board.
(2) All prominent carriers shall, and carriers other than prominent carriers may, report to the
Department of Consumer and Business Services, no later than October 1 of each year, the proportion
of the carrier’s total medical [expenses] expenditures that are allocated to primary care.
(3) The department shall share with the Oregon Health Authority the information reported so
that the authority may prepare the evaluation and [report] reports described in [section 2] sections
2 and 3, chapter 575, Oregon Laws 2015.
(4) The department, in collaboration with the authority, shall adopt rules prescribing the pri-
mary care services for which costs must be reported under subsection (2) of this section.

SECTION 15. Section 2, chapter 575, Oregon Laws 2015, as amended by section 1, chapter 384,
Oregon Laws 2017, and section 13, chapter 489, Oregon Laws 2017, is amended to read:
Sec. 2. (1) As used in this section:
(a) “Behavioral health clinician” means:
(A) A psychiatrist;
(B) A psychologist licensed under ORS 675.010 to 675.150;
(C) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psy-
chiatric mental health;
(D) A clinical social worker licensed under ORS 675.530;
(E) A marriage and family therapist or professional counselor licensed under ORS
675.715;
(F) A clinical social work associate certified under ORS 675.537; or
(G) An intern or resident who is working under a board-approved supervisory contract
in a clinical mental health field.
(b) “Carrier” means an insurer that offers a health benefit plan, as defined in ORS
743B.005.
(c) “Coordinated care organization” has the meaning given that term in ORS 414.025.
(d) “Patient centered primary care home” has the meaning given that term in ORS
414.025.
[(c)] (e) “Primary care” means family medicine, general internal medicine, naturopathic medicine, obstetrics and gynecology, pediatrics or general psychiatry and care provided by primary care integrated behavioral health clinicians or primary care integrated women’s health clinicians.

(f) “Primary care integrated behavioral health clinician” means:

(A) A care team member as defined in ORS 414.025 (15)(b); or

(B) A behavioral health clinician providing care to individuals and families in a patient centered primary care home to address one or more of the following:

(i) Mental illness.

(ii) Substance use disorders.

(iii) Health behaviors that contribute to chronic illness.

(iv) Life stressors and crises.

(v) Developmental risks and conditions.

(vi) Stress-related physical symptoms.

(vii) Preventive care.

(viii) Ineffective patterns of health care utilization.

(g) “Primary care integrated women’s health clinician” means one of the following clinicians whose practice is focused on women’s health and primary care and who provides a range of the services within a patient centered primary care home:

(A) A physician who is an obstetrician or gynecologist;

(B) A nurse practitioner;

(C) A physician assistant; or

(D) Another health professional licensed or certified in this state.

[(d)] (h) “Primary care provider” includes:

(A) A physician, naturopath, nurse practitioner, physician assistant or other health professional licensed or certified in this state, whose clinical practice is in the area of primary care.

(B) A health care team or clinic that has been certified by the Oregon Health Authority as a patient centered primary care home.

(2)(a) The Oregon Health Authority shall convene a primary care payment reform collaborative to advise and assist in the implementation of a Primary Care Transformation Initiative to:

(A) Use value-based payment methods that are not paid on a per claim basis to:

(i) Increase the investment in primary care;

(ii) Align primary care reimbursement by all purchasers of care; and

(iii) Continue to improve reimbursement methods, including by investing in the social determinants of health;

(B) Increase investment in primary care without increasing costs to consumers or increasing the total cost of health care;

(C) Provide technical assistance to clinics and payers in implementing the initiative;

(D) Aggregate the data from and align the metrics used in the initiative with the work of the Health Plan Quality Metrics Committee established in ORS 413.017;

(E) Facilitate the integration of primary care behavioral and physical health care; and

(F) Ensure that the goals of the initiative are met by December 31, 2027.

(b) The collaborative is a governing body, as defined in ORS 192.610.

(3) The authority shall invite representatives from all of the following to participate in the primary care payment reform collaborative:
(a) Primary care providers;
(b) Health care consumers;
(c) Experts in primary care contracting and reimbursement;
(d) Independent practice associations;
(e) Behavioral health treatment providers;
(f) Third party administrators;
(g) Employers that offer self-insured health benefit plans;
(h) The Department of Consumer and Business Services;
(i) Carriers;
(j) A statewide organization for mental health professionals who provide primary care;
(k) A statewide organization representing federally qualified health centers;
(L) A statewide organization representing hospitals and health systems;
(m) A statewide professional association for family physicians;
(n) A statewide professional association for physicians;
o) A statewide professional association for nurses; and
(p) The Centers for Medicare and Medicaid Services.

(4) The primary care payment reform collaborative shall annually report to the Oregon Health Policy Board and to the Legislative Assembly on the achievement of the primary care [spending targets] financial requirements in ORS 414.625 and 743.010 and the implementation of the Primary Care Transformation Initiative.

(5) A coordinated care organization shall report to the authority, no later than October 1 of each year, the proportion of the organization's total medical [costs] expenditures that are allocated to primary care.

(6) The authority, in collaboration with the Department of Consumer and Business Services, shall adopt rules prescribing the primary care services for which costs must be reported under subsection (5) of this section.

SECTION 16. Section 3, chapter 575, Oregon Laws 2015, as amended by section 7, chapter 26, Oregon Laws 2016, is amended to read:

Sec. 3. No later than February 1 of each year, the Oregon Health Authority and the Department of Consumer and Business Services shall report to the Legislative Assembly, in the manner provided in ORS 192.245:

(1) The percentage of the medical expenses of carriers, coordinated care organizations, the Public Employees' Benefit Board and the Oregon Educators Benefit Board that is allocated to primary care; [and]

(2) How carriers, coordinated care organizations, the Public Employees' Benefit Board and the Oregon Educators Benefit Board pay for primary care; and

(3) As reported to the authority and the Department of Consumer and Business Services under ORS 243.135 and 243.866 and section 2 of this 2019 Act:

(a) The percentage of total medical expenditures that carriers, coordinated care organizations, the Oregon Educators Benefit Board and the Public Employees' Benefit Board anticipate spending on primary care for the calendar year;

(b) The percentage of spending on primary care by carriers, coordinated care organizations, the Oregon Educators Benefit Board and the Public Employees' Benefit Board that will be in the form of alternative payment methodologies, as defined in ORS 414.025, in the calendar year; and
(c) The types of alternative payment methodologies that carriers, coordinated care organizations, the Oregon Educators Benefit Board and the Public Employees’ Benefit Board will use in the calendar year.

SECTION 17. Section 2 of this 2019 Act is amended to read:

Sec. 2. (1) As used in this section:
(a) “Behavioral health clinician” means:
(A) A psychiatrist;
(B) A psychologist licensed under ORS 675.010 to 675.150;
(C) A nurse practitioner, licensed under ORS 678.375 to 678.390, with a specialty in psychiatric mental health;
(D) A clinical social worker licensed under ORS 675.530;
(E) A marriage and family therapist or professional counselor licensed under ORS 675.715;
(F) A clinical social work associate certified under ORS 675.537; or
(G) An intern or resident who is working under a board-approved supervisory contract in a clinical mental health field.

(b) “Primary care” means family medicine, general internal medicine, naturopathic medicine, pediatrics and care provided by primary care integrated behavioral health clinicians or primary care integrated women’s health clinicians.

(c) “Primary care integrated behavioral health clinician” means:
(A) A care team member as defined in ORs 414.025 (15)(b); or
(B) A behavioral health clinician providing care to individuals and families in a patient centered primary care home to address one or more of the following:
   (i) Mental illness.
   (ii) Substance use disorders.
   (iii) Health behaviors that contribute to chronic illness.
   (iv) Life stressors and crises.
   (v) Developmental risks and conditions.
   (vi) Stress-related physical symptoms.
   (vii) Preventive care.
   (viii) Ineffective patterns of health care utilization.

(d) “Primary care integrated women’s health clinician” means one of the following clinicians whose practice is focused on women’s health and primary care and who provides a range of the services within a patient centered primary care home:
(A) A physician who is an obstetrician or gynecologist;
(B) A nurse practitioner;
(C) A physician assistant; or
(D) Another health professional licensed or certified in this state.

(e) “Total medical expenditures” means total expenditures for physical and mental health care provided to members of a coordinated care organization, excluding expenditures for vision care and dental care.

(2) [No later than January 1, 2023.] A coordinated care organization must spend at least 12 percent of the coordinated care organization’s total medical expenditures on primary care.

(3) [No later than January 1, 2020.] A coordinated care organization must reimburse a percentage, as established by the Oregon Health Authority by rule, of all primary care costs using alternative payment methodologies.
(4) After the Oregon Health Authority has established a global budget for a coordinated care organization for a calendar year, the coordinated care organization shall report to the authority, at the time and in the manner prescribed by the authority by rule:
(a) The percentage of the global budget that the coordinated care organization anticipates spending on primary care;
(b) The percentage of the spending on primary care that will be in the form of alternative payment methodologies; and
(c) The types of alternative payment methodologies that the coordinated care organization will use during the calendar year.

SECTION 18. ORS 414.625, as amended by section 14, chapter 489, Oregon Laws 2017, and section 4, chapter 49, Oregon Laws 2018, is amended to read:
414.625. (1) The Oregon Health Authority shall adopt by rule the qualification criteria and requirements for a coordinated care organization and shall integrate the criteria and requirements into each contract with a coordinated care organization. Coordinated care organizations may be local, community-based organizations or statewide organizations with community-based participation in governance or any combination of the two. Coordinated care organizations may contract with counties or with other public or private entities to provide services to members. The authority may not contract with only one statewide organization. A coordinated care organization may be a single corporate structure or a network of providers organized through contractual relationships. The criteria and requirements adopted by the authority under this section must include, but are not limited to, a requirement that the coordinated care organization:
(a) Have demonstrated experience and a capacity for managing financial risk and establishing financial reserves.
(b) Meet the following minimum financial requirements:
(A) Maintain restricted reserves of $250,000 plus an amount equal to 50 percent of the coordinated care organization’s total actual or projected liabilities above $250,000.
(B) Maintain a net worth in an amount equal to at least five percent of the average combined revenue in the prior two quarters of the participating health care entities.
(C) Expend a portion of the annual net income or reserves of the coordinated care organization that exceed the financial requirements specified in this paragraph on services designed to address health disparities and the social determinants of health consistent with the coordinated care organization’s community health improvement plan and transformation plan and the terms and conditions of the Medicaid demonstration project under section 1115 of the Social Security Act (42 U.S.C. 1315).
(d) Operate within a fixed global budget [and spend on primary care, as defined by the authority by rule, at least 12 percent of the coordinated care organization’s total expenditures for physical and mental health care provided to members, except for expenditures on prescription drugs, vision care and dental care].
(e) Coordinate the delivery of physical health care, mental health and chemical dependency services, oral health care and covered long-term care services.
(f) Engage community members and health care providers in improving the health of the community and addressing regional, cultural, socioeconomic and racial disparities in health care that exist among the coordinated care organization’s members and in the coordinated care organization’s
community.

(2) In addition to the criteria and requirements specified in subsection (1) of this section, the
authority must adopt by rule requirements for coordinated care organizations contracting with the
authority so that:

(a) Each member of the coordinated care organization receives integrated person centered care
and services designed to provide choice, independence and dignity.

(b) Each member has a consistent and stable relationship with a care team that is responsible
for comprehensive care management and service delivery.

(c) The supportive and therapeutic needs of each member are addressed in a holistic fashion,
using patient centered primary care homes, behavioral health homes or other models that support
patient centered primary care and behavioral health care and individualized care plans to the extent
feasible.

(d) Members receive comprehensive transitional care, including appropriate follow-up, when en-
tering and leaving an acute care facility or a long term care setting.

(e) Members receive assistance in navigating the health care delivery system and in accessing
community and social support services and statewide resources, including through the use of certi-
fied health care interpreters and qualified health care interpreters, as those terms are defined in
ORS 413.550.

(f) Services and supports are geographically located as close to where members reside as possi-
ble and are, if available, offered in nontraditional settings that are accessible to families, diverse
communities and underserved populations.

(g) Each coordinated care organization uses health information technology to link services and
care providers across the continuum of care to the greatest extent practicable and if financially vi-
able.

(h) Each coordinated care organization complies with the safeguards for members described in
ORS 414.635.

(i) Each coordinated care organization convenes a community advisory council that meets the
criteria specified in ORS 414.627.

(j) Each coordinated care organization prioritizes working with members who have high health
care needs, multiple chronic conditions, mental illness or chemical dependency and involves those
members in accessing and managing appropriate preventive, health, remedial and supportive care
and services, including the services described in ORS 414.766, to reduce the use of avoidable emer-

gency room visits and hospital admissions.

(k) Members have a choice of providers within the coordinated care organization's network and
that providers participating in a coordinated care organization:

(A) Work together to develop best practices for care and service delivery to reduce waste and
improve the health and well-being of members.

(B) Are educated about the integrated approach and how to access and communicate within the
integrated system about a patient's treatment plan and health history.

(C) Emphasize prevention, healthy lifestyle choices, evidence-based practices, shared decision-
making and communication.

(D) Are permitted to participate in the networks of multiple coordinated care organizations.

(E) Include providers of specialty care.

(F) Are selected by coordinated care organizations using universal application and credentialing
procedures and objective quality information and are removed if the providers fail to meet objective
quality standards.

(G) Work together to develop best practices for culturally appropriate care and service delivery to reduce waste, reduce health disparities and improve the health and well-being of members.

(L) Each coordinated care organization reports on outcome and quality measures adopted under ORS 414.638 and participates in the health care data reporting system established in ORS 442.464 and 442.466.

(m) Each coordinated care organization uses best practices in the management of finances, contracts, claims processing, payment functions and provider networks.

(n) Each coordinated care organization participates in the learning collaborative described in ORS 413.259 (3).

(o) Each coordinated care organization has a governing body that complies with section 2, chapter 49, Oregon Laws 2018, and that includes:

(A) At least one member representing persons that share in the financial risk of the organization;

(B) A representative of a dental care organization selected by the coordinated care organization;

(C) The major components of the health care delivery system;

(D) At least two health care providers in active practice, including:

(i) A physician licensed under ORS chapter 677 or a nurse practitioner certified under ORS 678.375, whose area of practice is primary care; and

(ii) A mental health or chemical dependency treatment provider;

(E) At least two members from the community at large, to ensure that the organization’s decision-making is consistent with the values of the members and the community; and

(F) At least one member of the community advisory council.

(p) Each coordinated care organization’s governing body establishes standards for publicizing the activities of the coordinated care organization and the organization’s community advisory councils, as necessary, to keep the community informed.

(3) The authority shall consider the participation of area agencies and other nonprofit agencies in the configuration of coordinated care organizations.

(4) In selecting one or more coordinated care organizations to serve a geographic area, the authority shall:

(a) For members and potential members, optimize access to care and choice of providers;

(b) For providers, optimize choice in contracting with coordinated care organizations; and

(c) Allow more than one coordinated care organization to serve the geographic area if necessary to optimize access and choice under this subsection.

(5) On or before July 1, 2014, each coordinated care organization must have a formal contractual relationship with any dental care organization that serves members of the coordinated care organization in the area where they reside.

SECTION 19. Section 3, chapter 489, Oregon Laws 2017, is amended to read:

Sec. 3. (1) As used in this section[,]:

(a) “Primary care” has the meaning given that term in section [2, chapter 575, Oregon Laws 2015] 2 of this 2019 Act.

(b) “Total medical expenditures” has the meaning given that term in section 2 of this 2019 Act.

(2) A coordinated care organization that [spends on primary care less than 12 percent of its total expenditures on physical and mental health care, as required by ORS 414.625 (1)(c),] fails to meet
the financial requirements in section 2 (2) and (3) of this 2019 Act for expenditures related
to primary care shall submit to the Oregon Health Authority a plan to increase, by at least one
percent each year:

(a) The coordinated care organization’s spending on primary care as a percentage of its total
medical expenditures [by at least one percent each year] on primary care; and

(b) The percentage of all primary care costs reimbursed by the coordinated care organ-
ization using alternative payment methodologies.

SECTION 20. Section 20, chapter 489, Oregon Laws 2017, is amended to read:
Sec. 20. (1) [Section 3 of this 2017 Act and] The amendments to ORS [414.625,] 243.135[,] and
243.886 [and 743.010] by sections [14 to] 16 and 17, [of this 2017 Act] chapter 489, Oregon Laws

(2) The amendments to ORS 743.010 by section 13 of this 2019 Act become operative on
the date set forth in subsection (1) of this section.

SECTION 21. Section 5, chapter 575, Oregon Laws 2015, as amended by section 8, chapter 26,
Oregon Laws 2016, and section 19, chapter 489, Oregon Laws 2017, is amended to read:
Sec. 5. (1)(a) Section 1, chapter 575, Oregon Laws 2015, as amended by section 12, chapter
489, Oregon Laws 2017, and section 14 of this 2019 Act is repealed on December 31, 2027.
(b) Section 2, chapter 575, Oregon Laws 2015, as amended by section 1, chapter 384,
Oregon Laws 2017, section 13, chapter 489, Oregon Laws 2017, and section 15 of this 2019 Act
is repealed on December 31, 2027.
(c) Section 3, chapter 575, Oregon Laws 2015, as amended by section 7, chapter 26, Oregon
Laws 2016, and section 16 of this 2019 Act is repealed on December 31, 2027.

[(1)] (d) [Sections 1 to 4] Section 4, chapter 575, Oregon Laws 2015, [are] is repealed on De-
cember 31, 2027.
(2) Section 3, chapter 489, Oregon Laws 2017, as amended by section 19 of this 2019 Act,
[of this 2017 Act] is repealed on December 31, 2027.

SECTION 22. ORS 743B.458 is repealed.

SECTION 23. The amendments to section 2 of this 2019 Act by section 17 of this 2019 Act
become operative on January 1, 2023.