



February 3, 2020

Chair Andrea Salinas
House Committee on Health Care
Oregon State Capitol
900 Court Street NE, Room 453
Salem, OR 97301

RE: Neutral comments on HB 4102 – Oregon Medical Association’s utilization management reforms

Chair Salinas and Members of the Committee on Health Care:

PacificSource is an independent, not-for-profit health plan based in Oregon. We serve commercial, Medicaid, and Medicare members, and PacificSource Community Solutions is the contracted Coordinated Care Organization (CCO) in Central Oregon, the Columbia River Gorge, Marion & Polk Counties, and Lane County. Our mission is to provide better health, better care, and better value to the people and communities we serve.

PacificSource appreciates the opportunity to comment on House Bill 4102, and expressly notes that we will not be opposing the OMA package of utilization review/prior authorization reforms. Although we will remain neutral on this bill, we do want to enter some comments in the legislative record to inform the committee about broader health policy concerns.

At PacificSource, we support efforts to simplify the administrative burdens on our members and our physician and provider partners. We also support improving health outcomes and managing health care cost growth. With these objectives in mind, we call to the Committee’s attention the following policy considerations that will continue to be issues for insurers, regulators (both DCBS & OHA) and physicians.

First, HB 4102 may not significantly reduce physician’s administrative burdens because it impacts only the commercial health insurance market. The 2020 package of proposed OMA reforms is targeted to commercial insurer use of step therapy, prior authorization and utilization management, and leaves untouched existing medical management for PEBB/OEBB and Medicaid CCOs. In addition, the reforms of HB 4102 cannot be applied to ERISA self-funded groups or Medicare MA plans. Legislation that adversely impacts only one segment of the health care financing marketplace is not good health policy.

Second, HB 4102 may impede effectively managing health care cost growth and outcomes. Restricting the impact of this bill to commercial insurance plans (and leaving untouched the utilization management tools used by PEBB/OEBB and CCOs), will hinder the ability of commercial insurers to effectively manage health care costs and quality. This inequity that will be magnified as the state moves into the enforcement era under the “Cost Growth Cap” of SB 889 passed in the 2019 legislative session.

Finally, the impact of SB 249 utilization management reforms (2019) is unknown, as these reforms just became effective January 1, 2020. PacificSource collaborated with DCBS and other stakeholders in the workgroup that

resulted in SB 249, a reasonable and consensus-driven package of prior authorization reforms passed in the 2019 session. The prior authorization reforms of SB 249 have not yet had an opportunity to work their way through the system, and final administrative rules only became effective January 1, 2020. The DCBS reforms also contain the significant regulatory enforcement tools of market conduct exams and unlawful claim settlement practices. The comprehensive reforms of SB 249 include:

- Setting specific timeframes for responding to prior authorization requests;
- Prohibiting unlawful insurance claim practices when prior authorizing provider claims (requires timely communications, reasonable standards and prompt, equitable and good faith investigation and approval of PA requests);
- Prohibiting insurers from requiring provider or enrollee to submit substantially identical information more than one time in the course of making the PA determination; and
- Requiring, upon denial of a PA request, a prompt, complete and thorough explanation of the terms of the policy that the insurer relied upon and the factual or legal basis for the denial.

PacificSource is committed to improving health outcomes and reducing costs and administrative burden. We look forward to collaborating with our regulators and our community and provider partners in achieving these goals. Thank you.

Sincerely,

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