

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3353 - 1

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
Reviewed by: Tom MacDonald
Date: April 8, 2021**Measure Description:**

Requires Oregon Health Authority to seek federal approval of amendment to state Medicaid demonstration project to permit coordinated care organizations to use portion of global budgets to improve health equity, improve overall health of community or enhance payments to providers who advance health equity or provide services improving overall health of community and to allow such expenditures to be counted as medical expenses for purposes of required medical loss ratio.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$179,815	\$209,822
Federal Funds	\$179,815	\$209,822
Total Funds	\$359,630	\$419,644
Positions	1	1
FTE	0.75	1.00

Analysis:

HB 3353 - 1 directs the Oregon Health Authority (OHA) to request approval from the Centers for Medicare and Medicaid Services to allow coordinated care organizations (CCOs) to spend up to three percent of their global budgets on certain investments. These investments include programs or services to improve health equity by addressing preventable differences in health outcomes for socially disadvantaged populations; community-based programs to address social determinants of health; efforts to diversify care locations; and programs or services to improve overall community health. Budgets can also be used to enhance payments to certain providers and support staff. CCOs would be required to spend at least 30 percent of funds on efforts to achieve health equity for priority populations and 20 percent of funds on efforts to improve behavioral health or create a culturally and linguistically competent health care workforce. Expenditures must be made from a CCO's global budget with the least amount of state funding, and be counted as medical expenses by OHA for the purpose of a CCO's required medical loss ratio. OHA is directed to convene an oversight committee to evaluate expenditures, recommend best practices and criteria for investments, and resolve disputes between OHA and CCOs. The measure takes effect on the 91st day after the Legislative Assembly adjourns sine die.

OHA anticipates hiring one permanent, full-time Operations and Policy Analyst 3 (0.75 FTE in 2021-23, 1.00 FTE in 2023-25) who will provide support to the oversight committee. The total cost of this position is estimated at \$191,629 total funds in 2021-23 and \$251,643 total funds in 2023-25. There are additional costs of \$150,000 total funds each biennium to hire a consultant to assess the impact of the CCO investments; and minimal costs related

to community engagement to develop health programs. Costs under this measure are priced at 50% General Fund and 50% from federal Medicaid match.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact.