

DRAFT

SUMMARY

Digest: The Act changes the contract term to 10 years for contracts between OHA and CCOs. (Flesch Readability Score: 73.1).

Extends the term of a contract entered into between the Oregon Health Authority and a coordinated care organization to 10 years. Directs the authority to review a coordinated care organization's performance after the initial five years of a contract term.

A BILL FOR AN ACT

1
2 Relating to coordinated care organization contracts; creating new provisions;
3 and amending ORS 414.590.

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

5 **SECTION 1.** ORS 414.590 is amended to read:

6 414.590. (1) As used in this section:

7 (a) "Benefit period" means a period of time, shorter than the five-year
8 contract term, for which specific terms and conditions in a contract between
9 a coordinated care organization and the Oregon Health Authority are in ef-
10 fect.

11 (b) "Renew" means an agreement by a coordinated care organization to
12 amend the terms or conditions of an existing contract for the next benefit
13 period.

14 (2) A contract entered into between the authority and a coordinated care
15 organization under ORS 414.572 (1):

16 (a) Shall be for a term of [*five*] **10** years;

17 (b) Except as provided in subsection [(4)] **(5)** of this section, may not be
18 amended more than once in each 12-month period; and

1 (c) May be terminated by the authority if a coordinated care organization
2 fails to meet outcome and quality measures specified in the contract or is
3 otherwise in breach of the contract.

4 **(3) After the initial five years of a contract entered into between**
5 **the authority and a coordinated care organization under subsection**
6 **(2)(a) of this section, the authority shall review the coordinated care**
7 **organization's performance in a manner prescribed by the authority**
8 **by rule, including a review of:**

9 (a) The coordinated care organization's performance on quality
10 measures for the preceding five years;

11 (b) The coordinated care organization's performance on external
12 quality reviews under ORS 414.595 for the preceding five years; and

13 (c) The extent to which the coordinated care organization's com-
14 munity advisory council has been afforded the opportunity for mean-
15 ingful participation.

16 [(3)] (4) This section does not prohibit the authority from allowing a co-
17 ordinated care organization a reasonable amount of time in which to cure
18 any failure to meet outcome and quality measures specified in the contract
19 prior to the termination of the contract.

20 [(4)] (5) A contract entered into between the authority and a coordinated
21 care organization may be amended:

22 (a) More than once in each 12-month period if:

23 (A) The authority and the coordinated care organization mutually agree
24 to amend the contract; or

25 (B) Amendments are necessitated by changes in federal or state law.

26 (b) Once within the first eight months of the effective date of the contract
27 if needed to adjust the global budget of a coordinated care organization,
28 retroactive to the beginning of the calendar year, to take into account
29 changes in the membership of the coordinated care organization or the
30 health status of the coordinated care organization's members.

31 [(5)] (6) Except as provided in subsection [(8)] (9) of this section, the au-

1 thority must give a coordinated care organization at least 60 days' advance
2 notice of any amendments the authority proposes to existing contracts be-
3 tween the authority and the coordinated care organization.

4 [(6)] (7) Except as provided in subsection [(4)(b)] (5)(b) of this section, an
5 amendment to a contract may apply retroactively only if:

6 (a) The amendment does not result in a claim by the authority for the
7 recovery of amounts paid by the authority to the coordinated care organiza-
8 tion prior to the date of the amendment; or

9 (b) The Centers for Medicare and Medicaid Services notifies the author-
10 ity, in writing, that the amendment is a condition for approval of the con-
11 tract by the Centers for Medicare and Medicaid Services.

12 [(7)] (8) If an amendment to a contract under subsection [(6)(b)] (7)(b) of
13 this section or other circumstances arise that result in a claim by the au-
14 thority for the recovery of amounts previously paid to a coordinated care
15 organization by the authority, the authority shall ensure that the recovery
16 does not have a material adverse effect on the coordinated care
17 organization's ability to maintain the required minimum amounts of risk-
18 based capital.

19 [(8)] (9) No later than 134 days prior to the end of a benefit period, the
20 authority shall provide to each coordinated care organization notice of the
21 proposed changes to the terms and conditions of a contract, as will be sub-
22 mitted to the Centers for Medicare and Medicaid Services for approval, for
23 the next benefit period.

24 [(9)] (10) A coordinated care organization must notify the authority of the
25 coordinated care organization's refusal to renew a contract with the au-
26 thority no later than 14 days after the authority provides the notice de-
27 scribed in subsection [(8)] (9) of this section. Except as provided in
28 subsections [(10)] (11) and [(11)] (12) of this section, a refusal to renew ter-
29 minates the contract at the end of the benefit period.

30 [(10)] (11) The authority may require a contract to remain in force into
31 the next benefit period and be amended as proposed by the authority until

1 90 days after the coordinated care organization has, in accordance with cri-
2 teria prescribed by the authority:

3 (a) Notified each of its members and contracted providers of the termi-
4 nation of the contract;

5 (b) Provided to the authority a plan to transition its members to another
6 coordinated care organization; and

7 (c) Provided to the authority a plan for closing out its coordinated care
8 organization business.

9 ~~[(11)]~~ **(12)** The authority may waive compliance with the deadlines in
10 subsections ~~[(9)]~~ **(10)** and ~~[(10)]~~ **(11)** of this section if the Director of the
11 Oregon Health Authority finds that the waiver of the deadlines is consistent
12 with the effective and efficient administration of the medical assistance
13 program and the protection of medical assistance recipients.

14 **SECTION 2. Section 1 of this 2025 Act applies to contracts between**
15 **a coordinated care organization and the Oregon Health Authority en-**
16 **tered into, amended or renewed on or after the effective date of this**
17 **2025 Act.**

18
