

HB 4127 A STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 3/2, 3/2

WHAT THE MEASURE DOES:

The measure directs the Oregon Health Authority (OHA) to adopt a fee-for-service payment mechanism to pay certain medical entities using state funds for services provided to state medical assistance recipients on or after July 4, 2025. The measure creates a contingency grant program to cover services provided by the entities in certain circumstances and specifies when the grant program becomes operative. The measure declares an emergency, effective on its passage.

Detailed Summary:

- Defines “prohibited entity” as a nonprofit reproductive health care provider that is enrolled in the state medical assistance program and is not eligible to receive federal Medicaid funds
- Directs OHA to adopt a fee-for-service payment mechanism using only state funding sources to pay prohibited entities for services provided to medical assistance recipients on or after July 4, 2025
- Specifies when a coordinated care organization may recover overpayment of claims paid to a prohibited medical entity
- Directs OHA to create a contingency grant program to use state funds to pay prohibited entities for services to medical assistance recipients; specifies that the grant program becomes operative if a state or federal law, rule, or regulation is enacted or adopted that restricts a prohibited entity from enrolling in the state medical assistance program; and sunsets the grant program on January 2, 2028

ISSUES DISCUSSED:

- Annual costs of providing services
- Long-run funding outlook
- Appropriation addressing the fiscal impact included as part of the funding for HR1 implementation

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

On July 4, 2025, President Donald Trump signed H.R. 1 (also known as the “One Big Beautiful Bill”) into law, bringing significant changes to a number of federal programs, including Medicaid. Section 71113 of H.R. 1 prohibited federal Medicaid funds from being used to reimburse certain “prohibited entities” for one year. Prohibited entities were defined as nonprofit health care organizations; essential community providers primarily offering family planning, reproductive health, and related medical services; entities providing abortions outside of federal Hyde Amendment exceptions; and entities that receive more than \$800,000 in Medicaid reimbursements in 2023. Existing federal law prohibits the use of federal funds to pay for abortions.

Two providers in Oregon meet the criteria for classification as prohibited entities: the Planned Parenthood affiliates of the Columbia Willamette and Southern Oregon. On November 18, 2025, the Joint Emergency Board voted to allocate \$7.5 million from the General Fund, in lieu of federal Medicaid funds, to OHA to pay Planned Parenthood affiliates in Oregon for reproductive health services rendered to Oregon Health Plan members. House Bill 4127 A directs OHA to adopt a fee-for-service mechanism to pay certain medical entities for services provided

to state medical assistance recipients on or after July 4, 2025; creates a grant program to cover the cost of services if an entity is prevented from enrolling in the state medical assistance program by another law; and requires that payment mechanisms use only state Medicaid funds.

PRELIMINARY