HB 4040 A STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date:	02/12/26
Action:	Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)
Vote:	8-0-0-0
Yeas:	8 - Diehl, Harbick, Javadi, McIntire, Munoz, Nelson, Nosse, Pham H
Fiscal:	Fiscal impact issued
Revenue:	No revenue impact
Prepared By:	Alexandra Kihn-Stang, LPRO Analyst
Meeting Dates:	2/5, 2/10, 2/12

WHAT THE MEASURE DOES:

The measure is an omnibus bill relating to health care that includes 17 discrete provisions. The measure makes changes to hospital presumptive eligibility, clarifies education requirements for residential care facility administrators, allows the Oregon Health Authority (OHA) to enroll eligible individuals in prerelease medical assistance benefits, updates public engagement processes for the Health Evidence Review Commission (HERC), updates language around insurance coverage of prosthetic and orthotic devices, and makes changes to the Medicaid Advisory Committee (MAC). The measure allows parent providers to be employed as a direct support worker without being employed by an agency, allows out-of-state dental students to rotate in Oregon, prohibits an insurer from placing time limits on anesthesia, creates protections for dental providers under commercial insurance plans, creates a pilot program to review health insurance mandates, and repeals statute requiring the automatic assignment of primary care providers. Finally, the measure clarifies language regarding pharmacy services administrative organizations, modifies rules for the Prescription Drug Affordability Board, makes changes to who can be licensed as a psilocybin facilitator, lowers the retirement age for naturopathic physicians, and makes changes to who can see a workers' compensation patient after 180 days. The measure declares an emergency, effective on its passage.

Detailed Summary:

Hospitals (Section 1)
Makes changes to screening requirements for determining presumptive eligibility for financial assistance by increasing the minimum amount the patient owes the hospital from $500 to $1,500 for a single encounter.

Residential Care Facility Administrators (Sections 2–4)
Specifies that a residential care facility administrator may have a bachelor's degree in any field, rather than only a health or social service–related field.

Medicaid Carceral Transitions (Section 5)
Permits OHA to enroll an eligible person in prerelease medical assistance benefits.

Health Evidence Review Commission (HERC) (Section 6)
Requires OHA to post a complete public agenda for a HERC meeting at least 14 days before the meeting and prohibits agenda changes after posting. Directs OHA to provide written public testimony to commission members within 48 hours of the close of the public comment period.

Medicaid Advisory Committee (MAC) (Sections 7–10)
Makes changes to requirements for the MAC's composition.

Parent Providers (Section 11)
Removes the requirement that a parent provider be employed by an agency and allows a parent provider to be employed as a direct support professional or a personal support worker.

Out-of-State Dental Students (Sections 12–13)
Allows dental students from accredited out-of-state dental schools to rotate in Oregon.

Anesthesia Time Limits (Sections 14–16)
Requires commercial insurance plans to cover medically necessary anesthesia services without restricting coverage based on the duration of services.

Dental Protections Parity (Sections 17–22)
Creates protections for dental providers related to commercial dental insurance, including establishing a timeline for dental insurers to respond to dental claims, prohibiting certain contract provisions, establishing requirements for when dental insurers may request a refund from a dental provider, and requiring direct payments for covered services.

Health Insurance Mandate Review Pilot Program (Sections 23–25)
Directs the Legislative Policy and Research Office to create a pilot program to evaluate proposed health insurance mandates and report findings to the legislature.

Automatic Primary Care Assignment Repeal (Sections 26–32)
Repeals the provision from Senate Bill 1529 (2022) that mandated the automatic assignment of primary care providers for commercial insurers.

Prosthetic and Orthotic Devices (Section 33)
Adds a provision that modifies language in existing statute related to prosthetic and orthotic devices.

Pharmacy Services Administrative Organizations (Section 34)
Clarifies exemptions from the requirement that pharmacy services administrative organizations register with the Department of Consumer and Business Services as a third-party administrator.

Prescription Drug Affordability Board (Section 35)
Revises the requirement that the board identify up to nine drugs and at least one insulin product as creating affordability challenges.

Psilocybin (Sections 36–39)
Allows psilocybin facilitators who completed an approved training in another state to practice in Oregon. Allows physical therapists and occupational therapists to become licensed as psilocybin facilitators.

Naturopathic Physicians (Sections 40–42)
Lowers the age from 70 to 65 for a naturopathic physician to obtain a retired status license.

Worker's Compensation Reclassification of Physician Associates and Nurse Practitioners (Sections 43–59)
Allows physician associates and nurse practitioners to continue seeing workers' compensation patients beyond 180 days without referring them to an attending physician.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF AMENDMENT:

- Removes a provision specifying that home health agencies are not subject to Centers for Medicare and Medicaid Services requirements unless they are certified by the federal agency
- Removes a provision that clarifies how data from the Oregon Department of Human Services Residential Care Quality Measurement Program must be published

- Removes a provision that prohibits OHA or a coordinated care organization (CCO) from requiring prior authorization for the repair of complex rehabilitation technology if the repair costs $1,500 or less
- Clarifies language regarding changes to the HERC public engagement process and adds an alternate process when more than 50 people provide public testimony
- Removes the requirement that parent providers are paid comparably to direct support professionals
- Removes a provision that directs OHA to adopt rules that allow CCO members choice in selecting an oral health provider and allows providers to inform CCO members about provider choice
- Adds an effective date of January 1, 2027, to the requirement that commercial insurance plans cover medically necessary anesthesia services without imposing time limits
- Changes the number of measures that can be referred to the health insurance mandate review pilot program from “between three and five” to “up to three” per chamber, and clarifies reporting committees
- Corrects statutes being repealed related to automatic primary care provider assignment
- Adds a provision that modifies language in existing statute related to prosthetic and orthotic devices
- Removes a provision allowing the governor to appoint the chair of thePrescription Drug Affordability Board
- Modifies the statute requiring the Prescription Drug Affordability Board to identify one insulin product as creating affordability challenges
- Modifies language around what is considered an approved psilocybin training program
- Removes provisions granting naturopathic physicians hospital-admitting privileges and authority to prescribe durable medical equipment, and increases their retirement age from 60 to 65
- Makes changes to a provision permitting physician associates and nurse practitioners to see workers’ compensation patients after 180 days

BACKGROUND:

House Bill 3320 (2023) required hospitals to screen patients for presumptive eligibility for financial assistance if the patient is uninsured, enrolled in the state medical assistance program, or owes a hospital more than $500. Senate Bill 1229 (2022) required health insurers and CCOs to assign a primary care provider to a beneficiary if the beneficiary had not selected one by the 90th day of the plan year. House Bill 3226 (2025) required pharmacy services administrative organizations to register with the Department of Consumer and Business Services as third-party administrators, excluding specified organizations that are not owned by a pharmacy benefit manager.