HB 4039 A STAFF MEASURE SUMMARY **Carrier:** Sen. Patterson

Senate Committee On Health Care

Action Date:	02/25/26
Action:	Do pass the A-Eng bill.
Vote:	5-0-0-0
Yeas:	5 - Campos, Hayden, Linthicum, Patterson, Reynolds
Fiscal:	Has minimal fiscal impact
Revenue:	No revenue impact
Prepared By:	Katie Hart, LPRO Analyst
Meeting Dates:	2/23, 2/25

WHAT THE MEASURE DOES:

The measure directs the Oregon Health Authority (OHA) to make changes to the process used to set payment rates for coordinated care organizations (CCOs). The measure declares an emergency, effective on its passage.

Detailed Summary:

- Defines terms, including "base data" and "capitation rate"
- Directs OHA to establish a transparent, data-driven process to use when developing CCO capitation rates and specifies what must be included in that process
  - Directs OHA to reconcile base data with CCO data and adjust base data accordingly; identify material cost impact changes in a contract or contract restatement and report on those changes, stipulating how material cost impact shall be analyzed; provide CCOs with a list of outlier trends impacting statewide average data; give 90 days' notice of changes to fee-for-service reimbursement rates; make changes to capitation rates when necessary and appropriate; and report preliminary capitation rates to the Oregon Health Policy Board (OHPB), stipulating what must be included in the report
  - Specifies that the rate development process applies to plan years beginning January 1, 2027
- Adds the rate development process to the statute governing the provision and payment for health services in medical assistance and determining the CCO global budget
- Directs OHA to prepare a medical assistance cost report prior to adopting any rule that is not procedural

ISSUES DISCUSSED:

- Provider reimbursement rates
- OHA and CCO rate-setting process
- Medical loss ratios
- Provisions of the measure

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The CCO model of the Oregon Health Plan (OHP) was established in 2012 through the passage of House Bill 3650 (2011) and Senate Bill 1580 (2012). CCOs provide a range of health services to their members, including physical, oral, and behavioral health care. Currently, 15 CCOs operate regionally across Oregon, serving more than 1.4 million of the state's OHP members. CCOs receive a five-year contract from the state and a fixed-growth budget from which to coordinate services for their members. CCO capitation rates, the per-member-per-month payments paid by OHA, are set annually following federal and state regulations, with an annual cost growth target of 3.4 percent. House Bill 4039 A directs OHA to make changes to the process used to set CCO payment rates.