

# A-Engrossed House Bill 4039

Ordered by the House February 12  
Including House Amendments dated February 12

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Health Care for Representative Rob Nosse for Richard Blackwell, PacificSource Health Plans)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest: The Act requires OHA to change the way it sets rates for CCOs. The Act adds steps that OHA must take before making new rules. (Flesch Readability Score: 92.6).**

*[Digest: The Act requires OHA to change the way it sets rates for CCOs. The Act adds steps that OHA must take before making new rules. The Act prevents OHA from taking certain costly measures until January 2, 2028. (Flesch Readability Score: 69.3).]*

Requires the Oregon Health Authority to develop a transparent and data-driven process for developing capitation rates for coordinated care organizations. *[Requires the Oregon Health Policy Board to establish a process for public review of and comment on the authority's rate development process. Requires the authority to commission an independent review of the current rate development process and report back to the Legislative Assembly.]*

Requires the authority to prepare a medical assistance cost impact statement before adopting rules other than procedural rules.

*[Prohibits the authority from adopting a new rule, program or contractual requirement that will cost \$1 million or more during a biennium. Sunsets on January 2, 2028.]*

*[Imposes a three-year moratorium on the requirement for a coordinated care organization to spend a portion of the organization's annual net income or reserves on addressing health disparities and the social determinants of health.]*

Declares an emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to medical assistance; creating new provisions; amending ORS 413.042 and 414.065; and  
3 declaring an emergency.

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

5 **SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS chapter 414.**

6 **SECTION 2. (1) As used in this section:**

7 (a) "Base data" means the eligibility, enrollment, encounter and other data used by the  
8 Oregon Health Authority to develop capitation rates for the following year.

9 (b) "Capitation rate" means a fixed dollar amount paid per member per month by the  
10 authority to a coordinated care organization for the provision of medical assistance to  
11 members of the coordinated care organization.

12 (2) The authority shall establish a transparent and data-driven process for developing  
13 capitation rates. As part of the rate development process, the authority shall:

14 (a) Reconcile the authority's base data with data submitted by coordinated care organ-  
15 izations and identify any adjustments that the authority makes to the base data.

16 (b) Identify any material cost impact of changes made in a proposed contract or annual  
17 contract restatement and include that information in the report required under paragraph

18 (e) of this subsection. In analyzing any material cost impact of contract changes, the au-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **thority shall separately identify the cost of the previous year's contractual requirements and**  
2 **the cost of the new requirements in the proposed contract or contract restatement.**

3 **(c) Provide to each coordinated care organization a list of any outlier trends that appear**  
4 **to be affecting statewide average data.**

5 **(d) Provide to interested parties 90 days' notice of discretionary changes to the**  
6 **authority's schedule of fee-for-service reimbursement rates and, when necessary, make ap-**  
7 **propriate adjustments to the capitation rates developed under this section.**

8 **(e) Timely report the authority's preliminary capitation rate determinations to the**  
9 **Oregon Health Policy Board. The report shall include the extent of the authority's commu-**  
10 **nity engagement and input received from entities that serve medical assistance recipients in**  
11 **developing the preliminary capitation rates.**

12 **SECTION 3. Section 2 of this 2026 Act applies to plan years beginning on or after January**  
13 **1, 2027.**

14 **SECTION 4.** ORS 414.065 is amended to read:

15 414.065. (1)(a) Consistent with ORS 414.690, 414.710, 414.712 and, 414.766 **and section 2 of this**  
16 **2026 Act** and other statutes governing the provision of and payments for health services in medical  
17 assistance, the Oregon Health Authority shall determine, subject to such revisions as it may make  
18 from time to time and to legislative funding:

19 (A) The types and extent of health services to be provided to each eligible group of recipients  
20 of medical assistance.

21 (B) Standards, including outcome and quality measures, to be observed in the provision of health  
22 services.

23 (C) The number of days of health services toward the cost of which medical assistance funds  
24 will be expended in the care of any person.

25 (D) Reasonable fees, charges, daily rates and global payments for meeting the costs of providing  
26 health services to an applicant or recipient.

27 (E) Reasonable fees for professional medical and dental services which may be based on usual  
28 and customary fees in the locality for similar services.

29 (F) The amount and application of any copayment or other similar cost-sharing payment that the  
30 authority may require a recipient to pay toward the cost of health services.

31 (b) The authority shall adopt rules establishing timelines for payment of health services under  
32 paragraph (a) of this subsection.

33 (2) In making the determinations under subsection (1) of this section and in the imposition of  
34 any utilization controls on access to health services, the authority may not consider a quality of life  
35 in general measure, either directly or by considering a source that relies on a quality of life in  
36 general measure.

37 (3) The types and extent of health services and the amounts to be paid in meeting the costs  
38 thereof, as determined and fixed by the authority and within the limits of funds available therefor,  
39 shall be the total available for medical assistance, and payments for such medical assistance shall  
40 be the total amounts from medical assistance funds available to providers of health services in  
41 meeting the costs thereof.

42 (4) Except for payments under a cost-sharing plan, payments made by the authority for medical  
43 assistance shall constitute payment in full for all health services for which such payments of medical  
44 assistance were made.

45 (5) Notwithstanding subsection (1) of this section, the Department of Human Services shall be

1 responsible for determining the payment for Medicaid-funded long term care services and for con-  
2 tracting with the providers of long term care services.

3 (6) In determining a global budget for a coordinated care organization **pursuant to section 2**  
4 **of this 2026 Act:**

5 (a) The allocation of the payment, the risk and any cost savings shall be determined by the  
6 governing body of the organization;

7 (b) The authority shall consider the community health assessment conducted by the organization  
8 in accordance with ORS 414.577 and reviewed annually, and the organization's health care costs;  
9 and

10 (c) The authority shall take into account the organization's provision of innovative, nontradi-  
11 tional health services.

12 (7) Under the supervision of the Governor, the authority may work with the Centers for Medi-  
13 care and Medicaid Services to develop, in addition to global budgets, payment streams:

14 (a) To support improved delivery of health care to recipients of medical assistance; and

15 (b) That are funded by coordinated care organizations, counties or other entities other than the  
16 state whose contributions qualify for federal matching funds under Title XIX or XXI of the Social  
17 Security Act.

18 **SECTION 5.** ORS 413.042 is amended to read:

19 413.042. (1) In accordance with applicable provisions of ORS chapter 183, the Director of the  
20 Oregon Health Authority may adopt rules necessary for the administration of the laws that the  
21 Oregon Health Authority is charged with administering.

22 (2) **Before adopting any permanent or temporary rule, except a procedural rule, the au-**  
23 **thority shall prepare a medical assistance cost impact statement that estimates the eco-**  
24 **nomical impact of the adoption of the rule on the state medical assistance program. The**  
25 **authority shall adopt the form of the statement.**

26 **SECTION 6.** This 2026 Act being necessary for the immediate preservation of the public  
27 peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect  
28 on its passage.

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