

HB 4039-1
(LC 194)
2/2/26 (RH/ps)

Requested by HOUSE COMMITTEE ON HEALTH CARE (at the request of Representative Rob Nosse, Richard Blackwell)

PROPOSED AMENDMENTS TO HOUSE BILL 4039

1 On page 1 of the printed bill, line 2, after “ORS” delete the rest of the
2 line and delete line 3 and insert “413.042 and 414.065; and declaring an
3 emergency.”.

4 Delete lines 5 through 22 and delete pages 2 through 17 and insert:

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

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

8 **“(a) ‘Base data’ means the eligibility, enrollment, encounter and**
9 **other data used by the Oregon Health Authority to develop capitation**
10 **rates for the following year.**

11 **“(b) ‘Capitation rate’ means a fixed dollar amount paid per member**
12 **per month by the authority to a coordinated care organization for the**
13 **provision of medical assistance to members of the coordinated care**
14 **organization.**

15 **“(2) The authority shall establish a transparent and data-driven**
16 **process for developing capitation rates. As part of the rate develop-**
17 **ment process, the authority shall:**

18 **“(a) Reconcile the authority’s base data with data submitted by**
19 **coordinated care organizations and identify any adjustments that the**
20 **authority makes to the base data.**

21 **“(b) Identify any material cost impact of changes made in a pro-**

1 posed contract or annual contract restatement and include that in-
2 formation in the report required under paragraph (e) of this
3 subsection. In analyzing any material cost impact of contract changes,
4 the authority shall separately identify the cost of the previous year's
5 contractual requirements and the cost of the new requirements in the
6 proposed contract or contract restatement.

7 “(c) Provide to each coordinated care organization a list of any
8 outlier trends that appear to be affecting statewide average data.

9 “(d) Provide to interested parties 90 days' notice of discretionary
10 changes to the authority's schedule of fee-for-service reimbursement
11 rates and, when necessary, make appropriate adjustments to the
12 capitation rates developed under this section.

13 “(e) Timely report the authority's preliminary capitation rate de-
14 terminations to the Oregon Health Policy Board. The report shall in-
15 clude the extent of the authority's community engagement and input
16 received from entities that serve medical assistance recipients in de-
17 veloping the preliminary capitation rates.

18 **“SECTION 3. Section 2 of this 2026 Act applies to plan years begin-
19 ning on or after January 1, 2027.**

20 **“SECTION 4.** ORS 414.065 is amended to read:

21 “414.065. (1)(a) Consistent with ORS 414.690, 414.710, 414.712 and, 414.766
22 **and section 2 of this 2026 Act** and other statutes governing the provision
23 of and payments for health services in medical assistance, the Oregon Health
24 Authority shall determine, subject to such revisions as it may make from
25 time to time and to legislative funding:

26 “(A) The types and extent of health services to be provided to each eli-
27 gible group of recipients of medical assistance.

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

30 “(C) The number of days of health services toward the cost of which

1 medical assistance funds will be expended in the care of any person.

2 “(D) Reasonable fees, charges, daily rates and global payments for meet-
3 ing the costs of providing health services to an applicant or recipient.

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

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

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

11 “(2) In making the determinations under subsection (1) of this section and
12 in the imposition of any utilization controls on access to health services, the
13 authority may not consider a quality of life in general measure, either di-
14 rectly or by considering a source that relies on a quality of life in general
15 measure.

16 “(3) The types and extent of health services and the amounts to be paid
17 in meeting the costs thereof, as determined and fixed by the authority and
18 within the limits of funds available therefor, shall be the total available for
19 medical assistance, and payments for such medical assistance shall be the
20 total amounts from medical assistance funds available to providers of health
21 services in meeting the costs thereof.

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

25 “(5) Notwithstanding subsection (1) of this section, the Department of
26 Human Services shall be responsible for determining the payment for
27 Medicaid-funded long term care services and for contracting with the pro-
28 viders of long term care services.

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

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

3 “(b) The authority shall consider the community health assessment con-
4 ducted by the organization in accordance with ORS 414.577 and reviewed
5 annually, and the organization’s health care costs; and

6 “(c) The authority shall take into account the organization’s provision
7 of innovative, nontraditional health services.

8 “(7) Under the supervision of the Governor, the authority may work with
9 the Centers for Medicare and Medicaid Services to develop, in addition to
10 global budgets, payment streams:

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

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

16 **“SECTION 5.** ORS 413.042 is amended to read:

17 “413.042. (1) In accordance with applicable provisions of ORS chapter 183,
18 the Director of the Oregon Health Authority may adopt rules necessary for
19 the administration of the laws that the Oregon Health Authority is charged
20 with administering.

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

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