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**LEGISLATIVE UPDATE**

Prepared for OAFP

**May 1, 2011****Residency Network Bill Passes House – HB 2401**

HB 2401, which encourages AHEC to work with hospitals around the state to develop primary care residencies, passed the House unanimously this week. Rep. Mitch Greenlick (D-Portland) opened the floor debate saying, “Good bill, should pass.” He described the bill as helping “deal with the problem of primary care supply” by coordinating primary care residencies in Oregon.

The bill now moves to the Senate.

**Gang of Six Present Their Transformation Plans – HB 3650**

The Governor asked six groups - COHO, SEIU, OAHHS, Oregon Health Care Association, Multnomah County and Advantage Dental – to develop the transformation plan that became HB 3650. But HB 3650 is more about each of the six claiming their piece of the pie than about creating a coherent plan. The six told the Joint Transformation Committee what they got for themselves:

Paul Phillips (COHO which includes the small and mid-sized managed care organizations including IPAs in Coos, Douglas, Rogue, Mid Valley and Family Care) said the bill “ensures MCOs can have their contracts amended if they make the needed changes to become a CCO. They will not have to go through an RFP process.”

Arthur Towers (SEIU which represents 11,000 home health care workers) says it makes sense that the bill requires community health workers to be unionized with collective bargaining. “Without collective bargaining, we fear these will be minimum wage, high turnover jobs with little training.”

Andy Davidson (OAHHS which represents all 58 hospitals) said the bill protects the smaller Type A & B hospitals by providing cost-based reimbursement through July 2014. After 2014, an independent actuary would determine whether rural hospitals can afford to change payment methodologies.

Mike Shirtcliff (Advantage Dental) said, “The Dental Care Organizations fear that the effective, cost efficient system they’ve created will be lost in this transformation,” so the bill carves dental funding out of the CCOs until 2014.

In brief public testimony, Phil Greenhill from the IPA in Coos County argued against allowing carve outs. “If one program or another get to opt out for four years, this won’t work.”

Lyle Jackson, director of the Mid-Rogue IPA, said, “The key to success is local control that is primary care driven.”

The committee then wrestled with sticky issues that have been identified in the draft bill:

1. What is the relationship between the CCOs and the counties? What services should the CCOs have to contract for?
2. Can health care entities be forced into joining a CCO? Sen. Alan Bates (D-Ashland) responded, “One way or another, you have to force it. And the way you force it is financial.” Rep. Tina Kotek (D-Portland) says, “We don’t want a

community to be held hostage by a key provider.” Committee members said they are looking at a dispute resolution process that includes executive negotiation, formal mediation, and arbitration.

3. Should CCOs be under the oversight of DCBS or OHA? Rep. Mitch Greenlick (D-Portland) said the question is how much a CCO is an insurance company. He doesn't think it is.
4. How transparent or public must a CCO structure be? The current MCOs are private but they said the new CCOs would have community advisory boards that give public input.

The committee continues to talk about adding medical liability reform as part of the transformation process. One option is to include CCOs as part of the Oregon Tort Claims Act. There is also the possibility of introducing a new committee bill dealing with liability reform.

Maybe the biggest issue in the CCO transformation is the global budget: What's in? What's out? How does it save the hundreds of millions of dollars necessary to balance the Medicaid budget?

Paul Phillips from COHO told the committee, “I don't believe transformation will save hundreds of millions of dollars. Other states that have transformed, it has actually cost money in the first 3 – 5 years.”

Andy Davidson from the hospital association also addressed cost savings and the hospital tax saying, “We are facing a \$1 billion shortfall in the Oregon Health Plan. There is no way the hospital tax can solve that problem. It can help ease the pain, but cannot solve the problem.”

The Joint Transformation Committee meets every Wednesday evening.

### **Insurance Exchange Passes Senate – SB 99**

Some describe it as a controversial bill, but the proposed Insurance Exchange passed the Senate overwhelmingly, 24 to 5 (Bonamici, Dingfelder, George, Olsen, and Whitsett voting no).

Sen. Jeff Kruse (R-Roseburg) said, “This is not a government takeover of anything.” He said SB 99 keeps as much of the health system as possible in the hands of insurers and providers.

Sen. Chip Shields (D-Portland) voted “yes” but said the bill ties the hands of the new Exchange Board by not allowing them to negotiate rates.

Sen. Alan Bates (D-Ashland) responded that the Exchange is designed to allow consumers to comparison shop. “I believe that's the best tool you can have to drive costs down.”

The bill now heads to the House.

### **Oregon Accepts \$48 Million Insurance Exchange Grant**

Ways and Means leaders announced they have agreed to accept the \$48 million federal grant for infrastructure development of the Insurance Exchange.

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