
LEGISLATIVE UPDATE

Prepared for OAFP

June 5, 2011**Committees Shut Down**

Policy committees closed on June 1. The next day, June 2, Ways and Means Subcommittees were told to wrap up their work and shut down.

There are still some budget bills that need to be dealt with. They will either reopen a subcommittee or move bills to the Capital Construction Subcommittee, which is still open. The Co-Speakers and Senate President all sit on the Capital Construction Subcommittee, so it is expected to handle the final budget-related bills including the Health Transformation bill (HB 3650).

Full Ways and Means hopes to complete its work by Tuesday, June 7.

The session is still on track to adjourn by mid-June.

Malpractice Subsidy Funded – SB 608

Legislators fully funded the rural malpractice subsidy program with \$6.1 million for the 18 months beginning January 1, 2012. This was a priority bill for the Oregon Rural Health Association.

The Oregon Rural Medical Liability Program provides liability premium subsidies to qualifying rural physicians and nurse practitioners. The program helps attract and retain these providers to rural Oregon.

The Ways and Means Subcommittee approved the funding. It now goes to the full Ways and Means Committee.

OHA Budget Passes Ways and Means Subcommittee – SB 5529

The Human Services Subcommittee of Ways and Means passed the Oregon Health Authority's budget this week. It:

- Reinstates funding for 26 lines of the prioritized list (out of 39 lines the Governor proposed cutting in his budget.)
- Eliminates rate reductions for Type A & B hospitals.
- Uses the hospital tax to buy down the provider rate reductions from 19% to approximately 11.2% in the first biennium. Hospitals will be able to buy down their own rate reductions to an estimated 3-4% cut in the first biennium.
- Maintains the Governor's proposed \$240 million general fund "savings" in year two of the biennium from the Transformation Initiative.

Legislators discussed what Rep. Mitch Greenlick (D-Portland) called the Governor's "phantom savings" from Transformation. Rep. Greenlick said, "I think what's mythical is that we can achieve \$240 million in savings. ...We are going to have to cut that 240 million."

Sen. Alan Bates added, "If Transformation doesn't happen, this budget is at risk in the second half of the biennium."

The budget now goes to the full Ways and Means Committee.

Extra 1% Premium Tax to Pay for OHP Primary Care

The 1% health insurance premium tax, passed in 2009, was to pay for the Healthy Kids Plan. Well, it is raising more revenue than needed. Close to \$30 million more.

Legislators have been negotiating with the insurance carriers about what to do with the excess. They decided to keep \$10 million in reserve for caseload growth. The other \$20 million will be used to reduce the reimbursement cut to primary care providers in the Oregon Health Plan, focusing on services to children.

Senate Version of Insurance Exchange Moves to House Floor – SB 99

The House Health Committee ended its several-week deadlock over the Insurance Exchange, moving SB 99 unamended to the House floor. The debate surrounded whether the Exchange board should be an "active purchaser" with the ability to selectively contract with insurance carriers.

Rep. Ben Cannon (D-Portland) received a legal opinion from legislative council saying there is nothing in state or federal law, or SB 99, that would prevent the board from using selective contracting to negotiate costs and quality and exclude insurers with "unjustified" premium rate increases. Rep. Cannon said, "As imperfect as I believe this bill is, it gives us a little more control over our destiny."

The bill passed out of committee with the support of Rep. Cannon, Rep. Mitch Greenlick (D-Portland), Rep. Val Hoyle (D-Eugene), Rep. Margaret Doherty (D-Tigard) and Rep. Jim Thompson (R-Dallas), and the opposition of Rep. Bill Kennemer (R-Oregon City), Rep. Julie Parrish (R-Tualatin) and Rep. Jim Weidner (R-McMinnville).

Rep. Parrish did not like any of the options before them saying she felt like she was being asked "to eat the rat poison or drink the bleach." Rep. Parrish told the committee, "Nobody has shown me how this drives down costs. We can't afford the government we have," noting her distrust of the agency charged with setting up the Exchange, the Oregon Health Authority (OHA).

Rep. Weidner said he believes the Exchange will be a "Ponzi scheme" because individuals and small businesses will only be able to get federal subsidies if they buy insurance inside the Exchange.

The bill now goes to the House floor. If SB 99 becomes law, the OHA will develop a business plan for the Exchange, bringing the plan before the Legislature in February 2012.

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