

Senate Bill 145

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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 **as introduced**.

Establishes Implementation Advisory Group to develop blueprint for implementing health care spending benchmark for state. Requires Oregon Health Authority to implement blueprint to extent permitted by existing statutes and report to committees or interim committees of Legislative Assembly related to health legislative changes necessary to fully implement blueprint. Requires annual reporting to committees of Legislative Assembly on progress in developing and implementing blueprint and on impacts of benchmark on growth of health care expenditures and quality outcomes.
Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to cost of health care; and declaring an emergency.

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

4 **SECTION 1. (1) The Implementation Advisory Group is established.**

5 **(2) The membership of the advisory group consists of the following:**

6 **(a) The Director of the Oregon Health Authority;**

7 **(b) The Director of the Department of Consumer and Business Services; and**

8 **(c) The following members appointed by the Governor:**

9 **(A) One or more members of the Health Insurance Exchange Advisory Committee cre-**
10 **ated under ORS 741.004;**

11 **(B) An economist from the division of the Oregon Department of Administrative Services**
12 **that serves as the office of economic analysis;**

13 **(C) One or more members of the Oregon Health Leadership Council;**

14 **(D) One or more members representing health care systems or urban hospitals;**

15 **(E) One or more members representing rural hospitals;**

16 **(F) One or more members representing consumers;**

17 **(G) One or more members with expertise in health care financing and administration;**

18 **(H) A member of the business community who purchases health insurance for employees**
19 **of the business;**

20 **(I) One or more members representing licensed or certified health care professionals and**
21 **who reflect the diversity of provider types licensed and certified in this state;**

22 **(J) One or more members representing the insurance industry, including at least one**
23 **insurance broker; and**

24 **(K) One health economist.**

25 **(3) The advisory group shall design for the Oregon Health Authority a blueprint for the**
26 **implementation of a health care spending benchmark that reflects a predictable and**
27 **sustainable annual rate of growth for health care expenditures statewide. The advisory group**

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 shall:

2 (a) Evaluate whether the body that is responsible for establishing, monitoring and en-
3 forcing the health care spending benchmark should be:

4 (A) Established in an existing agency;

5 (B) A new agency;

6 (C) A contracted private entity;

7 (D) A private-public partnership; or

8 (E) Some other form of governance structure.

9 (b) Evaluate potential economic indicators by which the health care spending benchmark
10 could be measured and propose a methodology for setting the benchmark that takes into
11 account the variation in prices and expenditures across all types of health care providers and
12 health care settings.

13 (c) Assess existing sources of data and identify additional data that is needed to measure
14 health care expenditures and that allows for the identification of systemic issues and track-
15 ing of trends that underlie the growth in health care costs.

16 (d) Determine the technical assistance and support necessary to support organizations
17 working to meet the health care spending benchmark and identify opportunities to leverage
18 existing financial and state resources, or alternative funding models, to provide the technical
19 assistance and support.

20 (e) Recommend an approach for the reporting of total costs of care, quality of care and
21 efficiencies.

22 (f) Develop a system to identify factors that contribute to unjustified variations in prices
23 or growth in the cost of health care.

24 (g) Establish reporting requirements for each provider and payer type, including the
25 frequency of reporting and a mechanism for reporting.

26 (h) Establish a process to ensure accountability of reporting and enforcement actions for
27 the lack of reporting or for failing to meet the health care spending benchmark, which must
28 initially include a performance improvement plan that progresses to more stringent
29 enforcement for repeated violations.

30 (i) Evaluate and recommend how the health care spending benchmark will be used in
31 publicly funded health care and rate review for the commercial insurance market and by the
32 health insurance exchange.

33 (j) Establish an implementation timeline and the phases of implementation that may in-
34 clude the establishment of an initial health care spending benchmark in 2019 with reporting,
35 enforcement and penalties beginning in 2022.

36 (4) A majority of the members of the advisory group constitutes a quorum for the
37 transaction of business.

38 (5) Official action by the advisory group requires the approval of a majority of the
39 members of the advisory group.

40 (6) The advisory group shall elect one of its members to serve as chairperson.

41 (7) If there is a vacancy for any cause, the Governor shall make an appointment to be-
42 come immediately effective.

43 (8) The advisory group shall meet at times and places specified by the call of the chair-
44 person or of a majority of the members of the advisory group.

45 (9) The advisory group may adopt rules necessary for the operation of the advisory group.

1 (10) The Oregon Health Authority shall provide staff support to the advisory group.

2 (11) Members of the advisory group are not entitled to compensation or reimbursement
3 for expenses and serve as volunteers on the advisory group.

4 (12) All agencies of state government, as defined in ORS 174.111, are directed to assist
5 the advisory group in the performance of the duties of the advisory group and, to the extent
6 permitted by laws relating to confidentiality, to furnish information and advice that the
7 members of the advisory group consider necessary to perform their duties.

8 **SECTION 2.** Upon completion of the blueprint developed by the Implementation Advisory
9 Group under section 1 of this 2019 Act, the Oregon Health Authority shall carry out the
10 blueprint to the extent permitted by the authority's statutory authority. The authority shall
11 report to the committees or the interim committees of the Legislative Assembly related to
12 health if any legislative changes are necessary to fully carry out the blueprint.

13 **SECTION 3.** No later than September 15, 2020, the Oregon Health Authority shall report,
14 in the manner provided in ORS 192.245, on the blueprint developed under section 1 of this
15 2019 Act and the progress in implementing the blueprint.

16 **SECTION 4.** The Oregon Health Authority shall:

17 (1) Provide an annual report to the Legislative Assembly and to the public on total health
18 care spending in this state and quality outcomes achieved in different health care settings;
19 and

20 (2) Submit an annual report to the Legislative Assembly that includes policy recommen-
21 dations and strategies to support the achievement of the health care spending benchmark.

22 **SECTION 5.** Section 4 of this 2019 Act is amended to read:

23 **Sec. 4.** The Oregon Health Authority shall:

24 (1) Assess the response of the health care market in this state to the health care
25 spending benchmark and hold annual public hearings on total state expenditures on health
26 care and the growth in the cost of health care in this state;

27 (2) Identify appropriate enforcement mechanisms or other responses to entities that do
28 not achieve the health care spending benchmark;

29 (3) For each segment of the health care market, evaluate policy and strategy recom-
30 mendations for achieving a sustainable rate of growth;

31 [(1)] (4) Provide an annual report to the Legislative Assembly and to the public on total health
32 care spending in this state and quality outcomes achieved in different health care settings; and

33 [(2)] (5) Submit an annual report to the Legislative Assembly that includes policy recommen-
34 dations and strategies to support the achievement of the health care spending benchmark.

35 **SECTION 6.** Section 4 of this 2019 Act becomes operative on January 1, 2021.

36 **SECTION 7.** The amendments to section 4 of this 2019 Act by section 5 of this 2019 Act
37 become operative on January 1, 2022.

38 **SECTION 8.** Section 1 of this 2019 Act is repealed on December 31, 2020.

39 **SECTION 9.** This 2019 Act being necessary for the immediate preservation of the public
40 peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect
41 on its passage.

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