

SB 934 A STAFF MEASURE SUMMARY

Carrier: Sen. Steiner Hayward

Senate Committee On Health Care

Action Date: 04/18/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 5-0-0-0

Yeas: 5 - Beyer, Knopp, Kruse, Monnes Anderson, Steiner Hayward

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Requires coordinated care organizations (CCOs), commercial insurers, Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB), by January 1, 2023, to spend at least 12 percent of premiums on primary care. Requires insurers that spend less than 12 percent of their premiums on primary care to develop a plan to increase spending on primary care by at least one percent each year. Requires CCOs and commercial insurers that participate in a federal primary care program to offer similar payment methodologies to all state-recognized patient-centered primary care homes that serve covered enrollees.

Grants Oregon Health Authority (OHA) and Department of Consumer and Business Services rulemaking authority to implement provisions of the measure. Requires PEBB and OEBB to report annually to the Legislative Assembly on progress toward achieving the 12 percent rate. Defines prominent carriers as insurers with an annual premium income of \$50 million or more.

Authorizes OHA to convene a collaborative to advise and assist in the implementation of a Primary Care Transformation Initiative. Requires collaborative to report annually to the Oregon Health Policy Board and Legislative Assembly on primary care spending targets and implementation of transformation initiative.

ISSUES DISCUSSED:

- National medical home initiatives
- Past and ongoing efforts in Oregon to support primary care including the Payment Reform Collaborative created by Senate Bill 231 (2015)
- Current levels of spending on primary care in Oregon; variation among Medicaid and commercial payers
- Cost savings achieved in health care, overall, by investing in primary care services
- Methodology used to quantify the level primary care spending and its reporting by insurers

EFFECT OF AMENDMENT:

Modifies spending targets, extends implementation timeline to 2023 and removes penalties for CCOs that fail to meet spending targets. Adds PEBB and OEBB to the measure. Defines prominent carriers. Authorizes OHA to implement a statewide Primary Care Transformation Initiative.

BACKGROUND:

The patient-centered medical home (PCMH) is a model of care intended to reduce the cost of care, reduce utilization of inappropriate health services and improve the quality of care and patient experience. The model is patient-centered, addressing and coordinating the full scope of physical and mental health care needs of a patient, including care with specialists and hospitals. In the United States, the adoption of medical homes is widespread and key to transforming the country's health care system. Over the past decade, with the proliferation of medical homes, a growing body of research assessing the effects of medical homes has become available. Based on available evidence, federal and state policy makers and health care payers have increasingly expressed interest in medical homes as a tool to restructure primary care.

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In 2009, the Legislative Assembly established the Patient-Centered Primary Care Home Program (PCPCH). The statewide program seeks to develop strategies to identify and measure what a primary care home does, promote their development and encourage Oregonians to seek care through state-recognized medical homes. As of 2016, 640 clinics had been recognized as patient-centered medical homes. In 2016, researchers from Portland State University released a report that evaluated the impact of Oregon's medical homes. Key findings include:

- For every \$1 increase in primary care expenditures related to the PCPCH program, there are \$13 in savings in other services, such as specialty care, emergency department and inpatient care
- Decreases in specialty care, emergency department visits, and inpatient care
- Resulted in \$240 million in savings to Oregon's health system in the first three years

In 2015, the Legislative Assembly passed Senate Bill 231 requiring the Oregon Health Authority (OHA) and the Department of Consumer and Business Services (DCBS) to report the percentage of medical spending allocated to primary care. The 2017 report states that in 2015, the state's 16 CCOs spent approximately 13 percent of their total medical expenditures on primary care. The report states that commercial, Medicare Advantage, PEBB and OEBS plans spent an average of 10 percent or less of their total medical expenditures on primary care.

Senate Bill 934-A establishes spending requirements for commercial and Medicaid insurers that compels insurers to expend a portion of their total medical spending on primary care services.