

SB 934 B STAFF MEASURE SUMMARY**Carrier:** Rep. Buehler**House Committee On Health Care****Action Date:** 05/24/17**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 8-0-1-0**Yeas:** 8 - Alonso Leon, Buehler, Greenlick, Hack, Hayden, Keny-Guyer, Malstrom, Nosse**Exc:** 1 - Kennemer**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Sandy Thiele-Cirka, LPRO Analyst**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 the CCOs total expenditures for physical and mental health care provided to members, except for expenditures on prescription drugs, vision care and dental 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 (DCBS) rulemaking authority to implement provisions of the measure. Requires the carriers to report to DCBS on or before October 1 of each year. 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:

- The need to increase investment in primary care providers
- Review of the Patient Centered Primary Care Home (PCPCH) program
- Thirty-two community health centers are PCPCH
- Recent Portland State University study indicating that PCPCH have saved \$240 million over three years
- PEBB's current spending levels

EFFECT OF AMENDMENT:

Deletes the requirement that 12 percent of the global budget be spent on primary care and replaces it with at least 12 percent of the coordinated care organization's total expenditures for physical and mental health care provided to members, except for expenditures on prescription drugs, vision care and dental care. Replaces global budget references with total medical expenditures. Modifies the carrier reporting requirement to Department of Consumer and Business Services from December 31 of each year to October 1 of each year.

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 This Summary has not been adopted or officially endorsed by action of the committee.

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evidence, federal and state policymakers and health care payers have increasingly expressed interest in medical homes as a tool to restructure primary care.

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 OEBC plans spent an average of 10 percent or less of their total medical expenditures on primary care. Senate Bill 934-B establishes spending requirements for commercial and Medicaid insurers that compels insurers to expend a portion of their total medical spending on primary care services.