

## LEGISLATIVE UPDATE

Prepared for OAFP

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### Legislative Days

The legislature convened this week for what are called “legislative days.” This time is used to hold informational hearings on potential legislation, hear reports from state agencies or follow up on previously passed legislation during the interim.

### OHA sets ambitious payment reform goals for CCO 2.0

With CCOs scheduled to renew their contracts in 2019, the Oregon Health Authority (OHA) is working hard to finalize policy goals for the next phase of Coordinated Care Organizations (CCOs). They presented their draft report to the House and Senate Health Committees this week.

The public engagement process is over and the Oregon Health Policy Board will adopt final policy recommendations at its October meeting.

There are four main policy areas included, with more specific 1 year and 2-5 year goals, outlined in the plan. Those policy areas and some of the early goals are:

1. Improving behavioral health care
  - a. Governor Brown and the OHA would like to see clear accountability, network adequacy, and metrics that measure and track oral and behavioral healthcare integration.
2. Value based payments (VBPs)
  - a. Proposing 20% VBPs for primary care payment by 2020 and separate infrastructure payments for Patient Centered Primary Care Homes (PCPCH) as well as development of VBPs in behavioral health, oral health, children’s health, maternity care and for hospitals. Alignment of VBPs across CCOs, OEBC and PEBC, and the commercial market are called out as well.
3. Social determinants of health (SDOH)
  - a. Increased spending on SDOH, and a rate methodology to accommodate this.
4. Maintaining a sustainable growth rate
  - a. Increased accountability and financial transparency

### Health care system rate caps

The interim Health Care Cost Review task force plans to introduce legislation in 2019 to impose a broad, system-wide health care rate cap in Oregon. The idea mirrors work already being done in Massachusetts. The idea is also similar to the 3.4% annual cap on increases to Oregon’s Medicaid, OEBC and PEBC plans.

The 2019 legislation would give the Oregon Health Authority resources to study what Massachusetts is doing and figure out:

- What kind of budget and staffing at OHA would be needed?
- What methodology would be used to set the benchmark?

- What is the enforcement mechanism if an entity does not meet the benchmark?  
Follow up legislation is planned for either 2020 or 2021 to actually implement the caps or benchmarks.

### **Rx Cost Containment**

A consultant told the Senate Health Committee that states across the country are trying to find ways to contain prescription drug prices.

One idea that will be considered in Oregon during the 2019 session is allowing the importation of drugs from Canada. Jane Horvath told the committee that 40% of US drugs are imported from outside the US, and 80% of raw drug ingredients for US drug production come from outside US.

Other potential bills would:

- Align formularies for all state payers including Medicaid managed care, Medicaid fee for services, OEBC, PEBC and corrections.
- Strengthen drug transparency laws by requiring advance notice of price increases.
- Allow or require drug substitution by pharmacists.
- Put new restrictions on Pharmacy Benefit Managers (PBMs).

### **Reinsurance and 2019 Rates**

Insurance commissioner Andrew Stolfi says the Oregon Reinsurance Program has helped hold down rates by 6% in 2018 and 2019. Stolfi told the interim House and Senate Health Committees that funding for the program runs out in 2019. The legislature will need to take action in 2019 for the program to continue.

Stolfi also summarized the downward trend in Oregon's health insurance rates in 2018 and 2019:

	Individual Rate increase range	Individual Average rate increase	Small Group Rate increase range	Small Group Average rate increase
2018	3.5% - 19.2%	13.8%	3.3% - 10.1%	8.2%
2019	-9.6% - 16.3%	7.3%	-4% - 7.2%	2.1%

### **Federal Waiver to expand Substance Abuse Treatment**

Oregon submitted a federal waiver to allow Medicaid reimbursement in substance abuse facilities with 16 or more beds. If approved, it is expected to significantly increase the treatment options for Oregon's Medicaid population.

### **ACEs - Connecting Early Childhood with Education and Health Outcomes**

Kids who suffer trauma early in life are at an increased risk of alcoholism, depression, heart disease, smoking, and various other adverse health outcomes. "In the school setting, children with ACE Scores of 3 or more are at three times the risk of academic failure, five times the risk of attendance problems and 6 times the risk of behavior problems," says Teri Pettersen, a retired physician, in informational hearings on the impact of childhood trauma and Kaiser's Adverse Childhood Experiences study.

She says clinicians are addressing this by assessing parents for ACEs, focusing on resilience promotion and social determinants of health. Oregon's Psychiatric Access Line asks every clinician it consults with if they have asked about trauma.

Patrice Altenhofen, Oregon Association of Relief Nurseries President, also spoke during the hearings about the Relief Nursery model of wrap-around services for young children and families at high risk of abuse and neglect. As she put it, “The early years of a child’s life are when we have the greatest opportunity to make a positive impact... if a child experiences abuse or trauma during these early years – not only is it devastating to the child – but it can also stunt brain growth and can cause life-long negative consequences for the child’s health and overall potential.”

“The kids coming into school today, are unlike any generation before. And that has expressed itself in more violent behaviors from very young children, to school districts having to empty the room, and so we have a lot of our children spending a lot of time in hallways rather than classes. I would contend that those children [who act out], have an ACE score above 3” said Sen. Arnie Roblan (D-Coos Bay) after the presentation.

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