LOBBYOREGON

LEGISLATIVE UPDATE

Prepared for OAHU

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November 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.

DCBS New Leadership

Jean Straight, the acting director at DCBS since Pat Allen left, says they are interviewing this month and next to fill the DCBS Director position and to fill Laura Cali’s old position as Dept. of Financial Regulation Director, aka Insurance Commissioner.

Health Care Cost Review Task Force

SB 419 passed last spring created a task force to examine whether a Maryland-style rate-setting model would benefit Oregon.

Task force member Joyce Newmyer, Adventist Health CEO, worked in Maryland when it received the federal waiver to create its Hospital Rate Setting Commission. A key component of the Maryland waiver is the federal government’s agreement that Medicare and Medicaid would pay the same rates as commercial insurance. She says the Maryland system has changed dramatically over time. It started out setting rates for hospital costs. Now it is focused on the total cost of care.

Task force members also hope to look at other states, including Vermont and Pennsylvania, that are working on modified Maryland-type programs. They also want to see if significant changes could be made in how hospitals are paid, focusing on alternative payment methodologies.

OEBB and PEBB Consolidation Update

SB 1067 set in motion a process to study consolidating the operations and functions of OEBB and PEBB (health care plans for educators and public employees). Kathy Loretz is the new Executive Director for the combined board and walked the House Health Committee through the implementation of SB 1067.

Legislators were skeptical of the potential savings from the bill. Rep. Mitch Greenlick (D-Portland) said, “I’m not convinced that there are actually going to be savings from combining the risk pools.”

Rep. Knute Buehler (R-Bend) went further when he asked, “Is there not an inherent conflict of interest in the board since for all the members this is their healthcare? Who is looking out for the taxpayer?”

Loretz struggled to provide an answer. She says they have a mixture of people who are eligible for the insurance. But, she said, everyone has the taxpayers’ interests in mind.

Buehler continued, “Who has the responsibility for holding down costs? Are you aware of how rich your benefit plans are compared with other states?”

Loretz said she's very aware. "Compared with a marketplace plan, PEBB plans would be considered platinum plans."

Buehler replied, "I think those PEBB plans would be considered Rolls Royce plans…"

Rising Cost of Multiple Sclerosis Rx

A presentation by Dennis Bourdette, MD in the Senate Health Committee highlighted how the market and competition aren't working to make prescription drugs less expensive.

In 1996 there were three FDA approved drugs on the market for multiple sclerosis. Now there are 17. The median price of those drugs went from $10,000 in 1996 to $78,000 today. While it is common for new drugs coming on the market to be more expensive, Bourdette said, "The introduction of each new drug resulted in in an increase of all MS drugs, including the oldest. Old drugs raised their prices to match the new drugs."

Sen. Elizabeth Steiner Hayward (D-Portland), who has MS, says she's been taking the same medication since 2007. She says in 2007 it cost $7,000 per dose and now costs $16,000 per dose.

Sen. Laurie Monnes Anderson (D-Gresham) said, "I truly believe it's price fixing." She said there will be a bill in the February session dealing with price transparency for generic drugs.

OHA's $74M Overpayment

Oregon Health Authority (OHA) director Pat Allen says they are still trying to figure out how much Oregon Medicaid was overpaid because some clients were put in the wrong categories. "The $74 million you've heard about is almost certainly wrong," he said.

The Oregon Health Plan has 10 categories, each with different match rates. Many of those who were placed in the wrong category are dual eligibles, meaning they qualify for both Medicare and Medicaid. Instead they were put in the ACA expansion population, which was paid for 100% with federal funds. For dual eligibles, Medicare should pay first, then Medicaid.

Allen says it will take some time before they can sort out how much Oregon owes the federal government and whether it can be clawed back from the CCOs.

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