

FACT SHEET: Improved Community Level Information and Statewide Standards for Claims Administration

Concept: SB 454A will improve understanding of community level health insurance coverage, develop statewide uniform claims administration standards and improve transparency of health care facility capital expenditures.

Purpose: There is a lack of community level information about the number of commercially covered lives in Oregon. This bill will require health insurers and third party administrators to report to the Department of Consumer and Business Services (DCBS) the number of covered lives by line of business and by zip code. These data will serve as an “early warning system” about the growth or decline of commercial coverage at the local level. By understanding these aggregated trends, interested stakeholders can evaluate the local delivery system and design initiatives to improve cost, quality and access.

Administrative expenses account for a significant percentage of total health care spending, and there are opportunities to increase administrative efficiency across the health care system. This bill would require the development of uniform standards for eligibility verification, health care claims and payment and remittance advice for licensed health insurers in Oregon and the Director of DCBS shall adopt these standards by rule. Reform efforts in Minnesota have projected significant savings (2008-2012 are \$215 million) through a similar process and Oregon can reasonably expect to save over \$400 million over ten years.

This bill also improves transparency of capital expenditures by hospitals and ambulatory surgery centers (ASCs). It authorizes OHPR to adopt rules requiring hospitals and ASCs to publicly post information about proposed or pending projects exceeding expenditure thresholds. The construction threshold accounts for varying facility sizes and for diagnostic and therapeutic equipment, expenditures exceeding \$1,000,000.00 require reporting. The posted information must include the project’s community benefit, estimated cost and the means for community feedback. Public engagement is an important step to engage communities on capital expenditures their health care facilities are making that may ultimately increase health care costs.

Impact if Not Approved: Local communities will not have information about health insurance coverage to guide initiatives or have standardized information about their community health care facilities’ large, capital expenditures that may ultimately impact local health care costs. Without development and implementation of statewide, uniform claims administration, the State will be dependent on voluntary adoption of standards to achieve costs containment goals.

Other Possible Solutions: Voluntary reporting approaches were considered. However, based on OHPR’s experience with its current required reporting (with civil penalties), we believe voluntary programs would produce inconsistent, unreliable information. The State plays an important role in ensuring that health care information is consistent, appropriate, and fair. The State could convene a stakeholder group to develop the uniform statewide standards for claims administration and rely on voluntary adoption. However, estimates of cost savings from this work would be significantly less as voluntary adoption by all licensed commercial carriers is unlikely.

Other Supporters: DCBS

Impact: \$68,835 TF (\$42,089 GF, \$26,746 FF).

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