

Oregon’s Health Care Market Oversight Program
Developing the Proposed Fee Schedule for the Program

Revised December 3, 2021

House Bill 2362 section 4 (1) directs the Oregon Health Authority to “prescribe by rule a fee to be paid under section 2 (3) of this 2021 Act, proportionate to the size of the parties to the transaction, sufficient to reimburse the costs of administering section 2 of this 2021 Act.”

For the third Rules Advisory Committee (RAC) meeting on November 15, 2021, OHA published [Table 1 – Draft – HCMO Fee Schedule](#) with proposed fees for conducting material transaction reviews for an initial program period (March 1 – Dec 31, 2022) and for Jan 1 – June 30, 2023. OHA intends to publish a revised fee schedule for the 2023-2025 biennium.

This document describes OHA’s anticipated costs for administering the Health Care Market Oversight Program relative to the proposed fees published in Table 1. The Legislature funded this program for the current 2021-2023 biennium with General Funds. The program will be funded with fees beginning July 1, 2023.

Costs for Administering the Health Care Market Oversight Program

Estimated Program Costs

After launch, the program is estimated to cost approximately \$631,000 per year. This includes four full-time positions and other program resources such as meeting space rental and travel costs associated with community review board meetings, if needed.

The estimate does not include things like drafting rules, designing the program, and coordinating the Rules Advisory Committee meetings. It also does not include costs associated with outside advisors; costs for outside advisors, if applicable, will be covered by the proposing entities.

Estimated Number of Transactions Requiring Review

The Oregon Health Authority does not know the number of material change transactions that will need to be reviewed. Moreover, it is challenging to predict how many will warrant a comprehensive review.

During the first ten months of the program, from March to December 2022, the proposed fees are significantly lower than the proposed fees for transaction proposals received in 2023. Because the program is fully funded by General Funds for the current biennium, the fees do not need to match program costs in 2022. However, for program viability, it will be important for the program to start the next biennium – July 1, 2023 – with funds, which is why fees are required before July 2023.

Scenarios – Using the Proposed Fees Applicable to Jan-Jun 2023 to Calculate the Budget

Note: the table below presents estimates of the number of transactions and how many may require comprehensive review. The fees used to calculate the total are based on the proposed fees for Jan-Jun 2023. For illustrative purposes and to make it easier to compare to annual program costs, the scenarios below are annualized (spread across 12 months).

Scenario	# of transactions submitted for review	Minus those not subject to review	Emergency or Preliminary Review (n x \$2,000)	Comprehensive Review (assume max fee of n x \$100,000)	Total	% of program budget
A	12 (1 / month)	2	10	0	\$20,000	3%
B	24 (2 / month)	1	22	1	\$144,000	23%
C	48 (4 / month)	2	43	3	\$386,000	61%

Monitoring to Right-Size the Fee Schedule

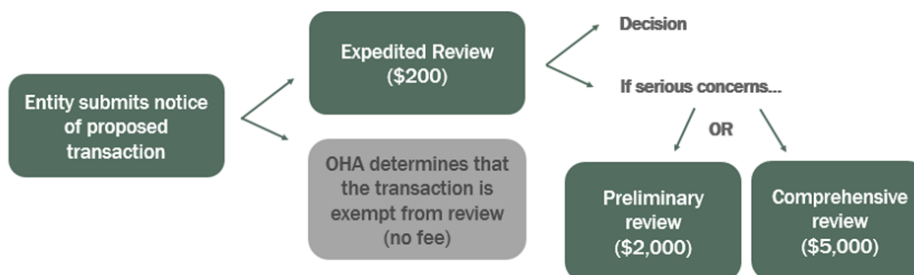
The proposed fee schedule specifies that the fees only apply to the current biennium (2021-2023). OHA intends to publish a potentially revised fee schedule for the 2023-25 biennium, based on experience in the initial 16 months of the program and the number of notices of material change transactions received, as well as the number of transactions in preliminary and comprehensive review.

The fee schedule may be revised up or down as needed to be sufficient to reimburse the costs of administering the program.

Appendix – Program Flow Charts and Fees

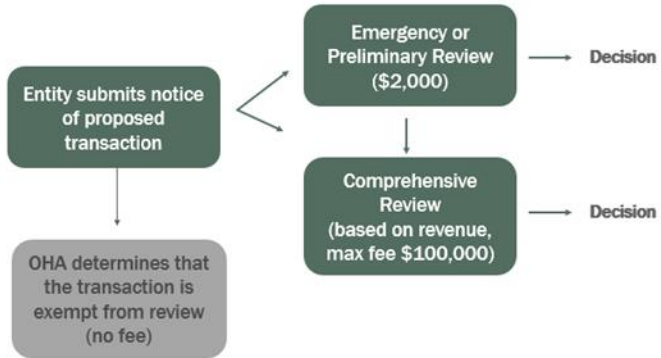
For the first ten months of the program from March through December 2022, the proposed fees are flat for expedited, preliminary, and comprehensive reviews.

Health Care Market Oversight Program Fees: March 1 – Dec 31, 2022



From January to June 2023, the proposed fees for emergency and preliminary reviews are flat, and for comprehensive reviews are variable based on the revenue of the smaller of the two entities.

Health Care Market Oversight Program Fees: Jan 1 – June 20, 2023



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