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In Case You Missed It

Oregon House Republicans devise plan to retain Medicaid services

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Portland Business Journal | by Elizabeth Hayes

Oregon House Republicans are touting a plan to ensure the Oregon Health Authority can fully operate next year, even in the face of decreasing federal funding for the Medicaid expansion, and without tapping the general fund.

Republicans on the House Health Care Committee hammered out the one-year plan, which they say ensures that the program can operate during the first year of the 2017-19 biennium.

Funding would come from a combination of existing unallocated dollars, an increase and expansion of the hospital assessment, a small hike in the cigarette tax and a “nominal tax” on e-cigarettes dedicated to mental health, House Republicans’ announcement said.

Diminishing federal funds are in large part responsible for [the state’s project \\$1.4 billion budget shortfall](#) for the next biennium. Lawmakers have been floating various plans to raise revenue through increased corporate taxes or cut costs to close the gap. [One controversial idea](#) is to end coverage for the expanded Medicaid population, which would cast about 400,000 people off the rolls, and eliminate mental health and addictions coverage.

The governor’s health policy advisor, Jeremy Vandehey, has been leading a group to try to hammer out a plan to close the nearly \$900 billion budget gap for OHA. A hearing is scheduled today [on House Bill 2391](#) to discuss that plan.

The new Republican plan includes enough additional funding for OHA to retain current service levels, including the Medicaid expansion population, with an additional carve out for mental health, the House Republicans announced. The Legislature would complete the OHA budget in the 2018 short session.

Under the plan, the hospital assessment would rise to 6 percent from the current level of 5.3 percent and, for the first time, smaller hospitals would also be included, though at a lower rate, said Rep. [Knute Buehler](#).

“I very much think hospitals have benefited from Medicaid spending, so it’s only logical they’re part of the solution in protecting critical health benefits people are receiving,” Buehler said.

Another source of funds would be the approximately \$30 million to \$40 million remaining in the Health Insurance Exchange Fund, which came from an assessment on insurance companies, and a \$50 million overage from the Oregon Reinsurance Program.

Buehler and Rep. [Cedric Hayden](#) said Republicans came up with their own plan because they couldn't agree with Democrats on several items.

Republicans don't want to tap into general fund revenue and don't want to tax insurers, "which becomes a sales tax on premiums," Buehler said.

"We all agree it's important to protect the 400,000 people that have Medicaid, but we were not able to agree on the details," Buehler said.

House Republicans said their plan would allow time to get answers on exactly how many people are eligible for Medicaid and, thus, the exact cost. A recent audit alert from Secretary of State [Dennis Richardson questioned whether OHA is providing benefits to ineligible recipients.](#)

"The timing of when OHA's true budgetary needs become known and when we must vote on an operating budget are not aligned," Hayden, a Republican from Cottage Grove, said in a written statement. "In good conscience, we shouldn't vote for a hefty tax package when we won't know for several months the actual budgetary needs of the agency."

OHA is trying to complete the process of verifying eligibility for about 85,000 recipients. [Gov. Kate Brown set a deadline](#) of Aug. 31 to complete that work and Richardson has said the audit would be completed in November. Then lawmakers will have a clearer picture of "how much money it will take to ensure our most vulnerable citizens have access to Medicaid," Hayden said.

Buehler said legislation is being drafted and will likely be referred to either the House revenue or rules committees.

[Read the story online here.](#)

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