

# -1 Amendment to SB 609

The purpose of this legislation is to increase reimbursement rates for primary care providers. The amendment simplifies the language by incorporating an existing CMS process that achieves the same outcome: access and equity for our OHP population.

## Background

- The “average commercial rate” is a benchmark established by CMS as an approved state-directed payment method to increase reimbursement rates for providers in the Medicaid program since 2018.<sup>1</sup>
- The use of the “average commercial rate” in Medicaid managed care, as described by CMS, is “appropriate and acknowledges the market dynamics at play to ensure that managed care plans can build provider networks comparable to those in commercial health insurance and ensure access to care for managed care enrollees.”<sup>2</sup>
- According to CMS, “evidence suggests that low Medicaid physician reimbursements limit physicians’ participation in the program, particularly among behavioral health and primary care providers.”<sup>3</sup>
- Between 2017 and 2022, CMS approved 145 state proposals to raise certain provider rates to 100% of the average commercial rate.<sup>4</sup>

## Oregon’s Experience

For the past several years, OHA has received CMS approval to pay OHSU the average commercial rate for outpatient and inpatient services under OHP.<sup>5</sup> This amendment directs the OHA to seek expanded approval for primary care providers as defined in the legislation.

<sup>1</sup>Medicaid and CHIP Payment and Access Commission. (2024, October). Directed payments in Medicaid managed care [PDF]. Retrieved from <https://www.macpac.gov/wp-content/uploads/2024/10/Directed-Payments-in-Medicaid-Managed-Care.pdf>

<sup>2,3,4</sup>Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2024. Medicaid program; Medicaid and Children’s Health Insurance Program (CHIP) Managed Care Access, Finance, and Quality. Final rule. Federal Register 89, no. 92 (May 10): 41002–41285. <https://www.federalregister.gov/d/2024-08085/>

<sup>5</sup>Centers for Medicare & Medicaid Services. (2024, January 4). Approval letter for Oregon’s Medicaid directed payment proposal (OR\_Fee\_IPH.OPH3\_Renewal\_20240101-20241231) [PDF]. Retrieved from [https://www.medicaid.gov/medicaid/managed-care/downloads/OR\\_Fee\\_IPH.OPH3\\_Renewal\\_20240101-20241231.pdf](https://www.medicaid.gov/medicaid/managed-care/downloads/OR_Fee_IPH.OPH3_Renewal_20240101-20241231.pdf)

