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NOTICE OF PROPOSED RULEMAKING INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 410
OREGON HEALTH AUTHORITY
HEALTH SYSTEMS DIVISION: MEDICAL ASSISTANCE PROGRAMS

FILED

10/30/2025 2:40 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Unbundling high-cost and rarely used drugs from inpatient reimbursement and pay outpatient

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/21/2025 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
Brenna Bird
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/19/2025

TIME: 11:00 AM - 11:45 AM

OFFICER: Brenna Bird

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 1-669-254-5252

CONFERENCE ID: 1612423519

SPECIAL INSTRUCTIONS:

Topic: Public Hearing OAR 410-125-0085

Time: Nov 19, 2025 11:00 AM Pacific Time (US and Canada)

Join ZoomGov Meeting

<https://www.zoomgov.com/j/1612423519?pwd=vCPi41aCGFU49HGum7lwANejlDb44b.1>

Meeting ID: 161 242 3519

Passcode: 400303

One tap mobile

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Dial by your location

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Find your local number: <https://www.zoomgov.com/join/91012345678>

NEED FOR THE RULE(S)

The Agency will establish a high-cost drug program that carves out Long-Acting Reversible Contraceptives, and high-cost drugs that are normally paid under an inpatient service and allow hospitals to bill only the drug as an outpatient service.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

State Plan Amendment: <https://www.oregon.gov/oha/HSD/Medicaid-Policy/StatePlans/25-0019.pdf>

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

This rule change is anticipated to have a neutral impact on racial equity in the state.

FISCAL AND ECONOMIC IMPACT:

Concerns raised during RAC, possible fiscal impact to hospitals due to system updates to allow high-cost drugs to be billed on an outpatient claim.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The authority does not anticipate an impact

(2)(a) No small businesses will be impacted by this rule.

(b) None

(c) None

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

None

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

AMEND: 410-125-0085

RULE SUMMARY: High-cost drugs that are normally paid under an inpatient services will now bill Medicaid for only the drug as an outpatient service.

CHANGES TO RULE:

410-125-0085

Outpatient Services ¶

(1) Outpatient services that may require prior authorization (PA) include (see the individual program in the Authority's Health Systems Division (Division)) Oregon Administrative Rules:¶

- (a) Physical Therapy (chapter 410, division 131);¶
 - (b) Occupational Therapy (chapter 410, division 131);¶
 - (c) Speech Therapy (chapter 410, division 129);¶
 - (d) Audiology (chapter 410, division 129);¶
 - (e) Hearing Aids (chapter 410, division 129);¶
 - (f) Dental Procedures (chapter 410, division 123);¶
 - (g) Drugs (chapter 410, division 121);¶
 - (h) Apnea monitors, services, and supplies (chapter 410, division 122);¶
 - (i) Home Parenteral/Enteral Therapy (chapter 410, division 148);¶
 - (j) Durable Medical Equipment and Medical supplies (chapter 410, division 122);¶
 - (k) Certain hospital services.¶
 - (2) The National Drug Code (NDC) must be included on the electronic (837I) and paper (UB 04) claims for physician administered drug codes required by the Deficit Reduction Act of 2005.¶
 - (3) Outpatient surgical procedures:¶
 - (a) For Coordinated Care Organization (CCO) members: Contact the CCO. The CCO may have different PA requirements than the Division. Some services are not covered under CCO contracts and require PA from the Division, or the Division's Dental Services program analyst;¶
 - (b) For Medicare clients enrolled in a CCO: These services must be authorized by the CCO even if Medicare is the primary payer. Without this authorization, the provider may not be paid beyond any Medicare payments (see also OAR 410-125-0103);¶
 - (c) For fee-for-service clients on the OHP Plus benefit package:¶
 - (A) Surgical procedures listed in OAR 410-125-0080 require PA when performed in an outpatient or day surgery setting, unless they are urgent or emergent;¶
 - (B) Contact the Division for PA (unless indicated otherwise in OAR 410-125-0080).¶
 - (d) Out-of-State services: Outpatient services provided by hospitals located less than 75 miles from the border of Oregon do not require PA unless specified in the Division's Hospital Services Program rules. All non-urgent or non-emergent services provided by hospitals located more than 75 miles from the border of Oregon require PA. For clients enrolled in a CCO, contact the CCO for authorization. For clients not enrolled in a health plan, contact the Division's Provider Clinical Support Unit.¶
 - (4) Psychiatric Emergency Services (PES):¶
 - (a) Psychiatric emergency services as defined by OAR 309-023-0110 delivered in a PES facility as described in OAR 309-023-0120 shall be reimbursed for a maximum of 20 hours per admittance;¶
 - (b) Psychiatric emergency services shall be reimbursed with a bundled, hourly rate using a fee-for-service rate methodology that is based on rates paid for similar services, using similar providers at a similar level-of-care.¶
 - (5) Carved out drugs and biological products: ¶
 - (a) The Agency will carve out the following drugs and biological products from the inpatient Diagnosis Related Grouper (DRG) pricing and reimburse on an outpatient claim when the drugs are administered during an inpatient stay: ¶
 - (A) Long-Acting Reversible Contraceptives (LARC); and ¶
 - (B) High-cost carve-out drug list, referenced in 410-141-3855. ¶
 - (b) The outpatient reimbursement for LARCs is Wholesale Acquisition Cost (WAC). Reimbursement for all other carve out drugs and biological products is actual acquisition cost according to invoice, up to WAC.
- Statutory/Other Authority: ORS 413.042
 Statutes/Other Implemented: ORS 414.065