74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session **MEASURE:** **HB 3059**
STAFF MEASURE SUMMARY **CARRIER:**
House Committee on Health Care

REVENUE: May have revenue impact, statement not yet issued
FISCAL: Fiscal statement issued

Action:		Without Recommendation as to Passage and Be Referred to the Committee on Revenue by prior reference
Vote:		7 - 0 - 2
	Yeas:	Bonamici, Bruun, Cannon, Flores, Kotek, Maurer, Greenlick
	Nays:	0
	Exc.:	Gelser, Richardson
Prepared By:		Sandy Thiele Cirka, Administrator
Meeting Dates:		3/19 (Access sub), 4/18(Access sub), 4/20 (Full)

WHAT THE MEASURE DOES: Establishes an assessment of 5.5 percent of net revenues to each hospital in Oregon. Eliminates the requirement that the Department of Human Services (DHS) Director estimate the rate needed to fund services and costs. Eliminates requirement that DHS consult with hospitals before setting the assessment. Repeals January 1, 2008 sunset on assessment. Repeals sections of chapter 736, Oregon Laws 2003, that apply to other sunset dates, imposition and collection of assessments, and transfer of remaining funds to General Fund. Establishes a January 1, 2008 operative date. Declares an effective date of 91st day after sine die of 74th Legislative Assembly.

ISSUES DISCUSSED:
- Provider taxes are used by the state to “draw down” federal matching funds for Medicaid eligible services
- Background on federal provider tax program
- Review of Department of Human Services (DHS) current provider tax program
- Current population of Oregon Health Plan (OHP) Standard

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The 2003 Legislature created four new taxes, collectively referred to as the Medical Provider Taxes: (1) Hospital Tax, (2) Long Term Care Facility Tax, (3) Medicaid Managed Care Tax, and (4) Tax on Programs of All-Inclusive Care for Elderly Persons. All four of these taxes were created in HB 2747 (2003). These taxes are used to finance Medicaid services and leverage additional federal funds.

The assessment on each hospital subject to this tax is imposed at a rate determined by the DHS. The tax rate used is the best estimate of the rate needed to fund identified services and costs, which currently may not exceed three percent of net revenue of each hospital. The tax applies to net revenues earned by hospitals before January 1, 2008. Net proceeds from this tax are deposited in the Hospital Quality Assurance Fund and are used to fund the OHP Standard hospital benefit, to increase Medicaid rates to certain hospitals, and to restore the practice of allowing OHP eligibility retroactively after medical costs have already been incurred.