74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session **MEASURE: HB 3088 A**
STAFF MEASURE SUMMARY **CARRIER:**
House Committee on Health Care

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

Action:		Do Pass as Amended, Be Printed Engrossed, Rescind the Subsequent Referrals to the Committee on Revenue and the Committee on Ways and Means, and Be Referred to the Committee on Elections, Ethics and Rules
Vote:		7 - 2 - 0
	Yeas:	Bonamici, Bruun, Cannon, Gelser, Kotek, Richardson, Greenlick
	Nays:	Flores, Maurer
	Exc.:	0
Prepared By:		Sandy Thiele-Cirka, Administrator
Meeting Dates:		4/11 (Access sub), 4/25 (Access sub), 4/27 (Full)

WHAT THE MEASURE DOES: Prohibits hospitals from billing to or attempting to collect from uninsured patients charges that exceed either Medicare rates or rates paid by hospital's highest volume commercial insurer. Allows patients to claim treble damages and attorney fees if hospital bills or attempts to collect charges that are in violation of the Act. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:
- Volume of uninsured Oregonians being treated in hospitals
- Current profits being seen by Oregon hospitals
- Different levels of hospital charges
- Review of other states that have capped hospital profits and/or what hospital's can charge uninsured patients
- Hospital "paying customers' – Medicare, Medicaid and commercial insurance
- Review of financial assistance policies in hospitals
- Consequences of enacting a state mandate

EFFECT OF COMMITTEE AMENDMENT: Eliminates requirement that the Office for Oregon Health Policy and Research (OOHPR) establish standards for hospital cost efficiency and performance, set total margin based on standards, and impose annual charge upon hospital in the amount that earnings exceed allowable margin. Removes Excess Revenue Fund.

BACKGROUND: The cost of hospital care is normally covered, in part, by Medicare, Medicaid, or commercial insurance, with the patient often responsible for co-payments. In other cases, uninsured individuals are usually responsible for all costs. Since hospital care is often expensive, especially for complicated procedures, individuals without insurance incur high out-of-pocket costs, which they often cannot or will not pay. Hospitals typically have policies on providing charitable care for people who do not have health insurance or adequate resources. Some hospitals, such as Providence in Portland, have specific policies on the amount an individual will be charged when the patient has a certain percentage of income at the federal poverty level.

Diagnostic Related Groups (DRGs) is a system that is geared toward paying reasonable cost and line-item reimbursement methods for care of individuals in Medicare, Medicaid, and an increasing number of commercially insured patients. DRGs are reimbursed as a percentage of the DRG costs of doing business, are generally located in urban areas, and have more than 50 beds.

According to a 2007 report from the Office of Oregon Health Policy and Research, "Oregon's hospitals are experiencing increasing operating margins, which reflect hospital financial performance based on its primary activity—direct patient care." The report notes that the statewide median operating margin was 2.3 percent in 2003 increasing to 3.1 percent in 2005, and that DRG hospitals showed the strongest operating margins throughout the 2003 to 2005 time period, with a median value of 3.5 percent in 2003 to 5.0 percent in 2005.