

HOUSE AMENDMENTS TO HOUSE BILL 3259

By JOINT COMMITTEE ON WAYS AND MEANS

June 25

1 On page 1 of the printed bill, line 2, after the second semicolon delete the rest of the line and
2 line 3 and insert “amending ORS 414.736 and 414.743; repealing ORS 414.743; and declaring an
3 emergency.”.

4 Delete lines 5 through 31 and delete pages 2 and 3 and insert:

5 “**SECTION 1.** ORS 414.743 is amended to read:

6 “414.743. [(1) As used in this section, ‘fully capitated health plan’ means an organization that
7 contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725 to
8 provide an adequate network of providers to ensure that all health services described in ORS 414.705
9 are reasonably accessible to enrollees.]

10 “[2)] (1) A fully capitated health plan that does not have a contract with a hospital to provide
11 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [*pay for hospital services*
12 *at 80 percent of the Medicare rate for the noncontracting hospital.*], **using a Medicare payment**
13 **methodology, reimburse the noncontracting hospital for services provided to an enrollee of**
14 **the plan at a rate no less than a percentage of the Medicare reimbursement rate for those**
15 **services. The percentage of the Medicare reimbursement rate that is used to determine the**
16 **reimbursement rate under this subsection is equal to two percentage points less than the**
17 **percentage of Medicare cost used by the department in calculating the base hospital**
18 **capitation payment to the plan, excluding any supplemental payments.**

19 “[3)] (2) A hospital that does not have a contract with a fully capitated health plan to provide
20 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in
21 full the rates described in subsection [(2)] (1) of this section.

22 “[4)] (3) This section does not apply to type A and type B hospitals, as described in ORS
23 442.470, and rural critical access hospitals, as defined in ORS 315.613.

24 “[5)] (4) The Department of Human Services shall adopt rules to implement and administer this
25 section.

26 “**SECTION 2.** ORS 414.743, as amended by section 2, chapter 886, Oregon Laws 2007, is
27 amended to read:

28 “414.743. [(1) As used in this section, ‘fully capitated health plan’ means an organization that
29 contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725 to
30 provide an adequate network of providers to ensure that all health services described in ORS 414.705
31 are reasonably accessible to enrollees.]

32 “[2)] (1) A fully capitated health plan that does not have a contract with a hospital to provide
33 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [*pay for hospital services*
34 *as follows:*]

35 “[a) For inpatient hospital services, based on the capitation rates developed for the budget period,

1 at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount
2 factor and an adjustment factor of 0.925.]

3 “[b) For outpatient hospital services, based on the capitation rates developed for the budget period,
4 at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor,
5 the payment discount factor and an adjustment factor of 0.925.], **using a Medicare payment meth-**
6 **odology, reimburse the noncontracting hospital for services provided to an enrollee of the**
7 **plan at a rate no less than a percentage of the Medicare reimbursement rate for those ser-**
8 **vices. The percentage of the Medicare reimbursement rate that is used to determine the**
9 **reimbursement rate under this subsection is equal to two percentage points less than the**
10 **percentage of Medicare cost used by the department in calculating the base hospital**
11 **capitation payment to the plan, excluding any supplemental payments.**

12 “[3] (2) A hospital that does not have a contract with a fully capitated health plan to provide
13 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in
14 full for hospital services[, rates:]

15 “[a) For inpatient hospital services, based on the capitation rates developed for the budget period,
16 at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount
17 factor and an adjustment factor of 0.925.]

18 “[b) For outpatient hospital services, based on the capitation rates developed for the budget period,
19 at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor,
20 the payment discount factor and an adjustment factor of 0.925.] **the rates described in subsection**
21 **(1) of this section.**

22 “[4] (3) This section does not apply to type A and type B hospitals, as described in ORS
23 442.470, and rural critical access hospitals, as defined in ORS 315.613.

24 “[5] (4) The Department of Human Services shall adopt rules to implement and administer this
25 section.

26 “**SECTION 3.** ORS 414.736 is amended to read:

27 “414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740, 414.741,
28 414.742[, 414.743] and 414.744:

29 “(1) ‘Designated area’ means a geographic area of the state defined by the Department of Human
30 Services by rule that is served by a prepaid managed care health services organization.

31 “(2) ‘Fully capitated health plan’ means an organization that contracts with the Department of
32 Human Services on a prepaid capitated basis under ORS 414.725 to provide an adequate network
33 of providers to ensure that the health services provided under the contract are reasonably accessi-
34 ble to enrollees.

35 “(3) ‘Physician care organization’ means an organization that contracts with the Department of
36 Human Services on a prepaid capitated basis under ORS 414.725 to provide an adequate network
37 of providers to ensure that the health services described in ORS 414.705 (1)(b), (c), (d), (e), (g) and
38 (j) are reasonably accessible to enrollees. A physician care organization may also contract with the
39 department on a prepaid capitated basis to provide the health services described in ORS 414.705
40 (1)(k) and (L).

41 “(4) ‘Prepaid managed care health services organization’ means a managed physical health,
42 dental, mental health or chemical dependency organization that contracts with the Department of
43 Human Services on a prepaid capitated basis under ORS 414.725. A prepaid managed care health
44 services organization may be a dental care organization, fully capitated health plan, physician care
45 organization, mental health organization or chemical dependency organization.

1 “**SECTION 4. If House Bill 2009 becomes law, section 1 of this 2009 Act (amending ORS**
2 **414.743) is repealed and ORS 414.743, as amended by section 337, chapter _____, Oregon**
3 **Laws 2009 (Enrolled House Bill 2009), is amended to read:**

4 “414.743. [(1) *As used in this section, ‘fully capitated health plan’ means an organization that*
5 *contracts with the Oregon Health Authority on a prepaid capitated basis under ORS 414.725 to provide*
6 *an adequate network of providers to ensure that all health services described in ORS 414.705 are rea-*
7 *sonably accessible to enrollees.*]

8 “[(2)] (1) A fully capitated health plan that does not have a contract with a hospital to provide
9 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [pay for hospital services
10 at 80 percent of the Medicare rate for the noncontracting hospital.], **using a Medicare payment**
11 **methodology, reimburse the noncontracting hospital for services provided to an enrollee of**
12 **the plan at a rate no less than a percentage of the Medicare reimbursement rate for those**
13 **services. The percentage of the Medicare reimbursement rate that is used to determine the**
14 **reimbursement rate under this subsection is equal to two percentage points less than the**
15 **percentage of Medicare cost used by the authority in calculating the base hospital capitation**
16 **payment to the plan, excluding any supplemental payments.**

17 “[(3)] (2) A hospital that does not have a contract with a fully capitated health plan to provide
18 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in
19 full the rates described in subsection [(2)] (1) of this section.

20 “[(4)] (3) This section does not apply to type A and type B hospitals, as described in ORS
21 442.470, and rural critical access hospitals, as defined in ORS 315.613.

22 “[(5)] (4) The Oregon Health Authority shall adopt rules to implement and administer this sec-
23 tion.

24 “**SECTION 5. If House Bill 2009 becomes law, section 2 of this 2009 Act (amending ORS**
25 **414.743) is repealed and ORS 414.743, as amended by section 2, chapter 886, Oregon Laws 2007,**
26 **and section 338, chapter _____, Oregon Laws 2009 (Enrolled House Bill 2009), is amended**
27 **to read:**

28 “414.743. [(1) *As used in this section, ‘fully capitated health plan’ means an organization that*
29 *contracts with the Oregon Health Authority on a prepaid capitated basis under ORS 414.725 to provide*
30 *an adequate network of providers to ensure that all health services described in ORS 414.705 are rea-*
31 *sonably accessible to enrollees.*]

32 “[(2)] (1) A fully capitated health plan that does not have a contract with a hospital to provide
33 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [pay for hospital services
34 as follows:]

35 “[(a) *For inpatient hospital services, based on the capitation rates developed for the budget period,*
36 *at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount*
37 *factor and an adjustment factor of 0.925.*]

38 “[(b) *For outpatient hospital services, based on the capitation rates developed for the budget period,*
39 *at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor,*
40 *the payment discount factor and an adjustment factor of 0.925.*], **using a Medicare payment meth-**
41 **odology, reimburse the noncontracting hospital for services provided to an enrollee of the**
42 **plan at a rate no less than a percentage of the Medicare reimbursement rate for those ser-**
43 **vices. The percentage of the Medicare reimbursement rate that is used to determine the**
44 **reimbursement rate under this subsection is equal to two percentage points less than the**
45 **percentage of Medicare cost used by the authority in calculating the base hospital capitation**

1 **payment to the plan, excluding any supplemental payments.**

2 “[3] (2) A hospital that does not have a contract with a fully capitated health plan to provide
3 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in
4 full for hospital services[, rates:]

5 “[a] For inpatient hospital services, based on the capitation rates developed for the budget period,
6 at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount
7 factor and an adjustment factor of 0.925.]

8 “[b] For outpatient hospital services, based on the capitation rates developed for the budget period,
9 at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor,
10 the payment discount factor and an adjustment factor of 0.925.] **the rates described in subsection
11 (1) of this section.**

12 “[4] (3) This section does not apply to type A and type B hospitals, as described in ORS
13 442.470, and rural critical access hospitals, as defined in ORS 315.613.

14 “[5] (4) The Oregon Health Authority shall adopt rules to implement and administer this sec-
15 tion.

16 **“SECTION 6. If House Bill 2009 becomes law, section 3 of this 2009 Act (amending ORS
17 414.736) is repealed and ORS 414.736, as amended by section 329, chapter _____, Oregon
18 Laws 2009 (Enrolled House Bill 2009), is amended to read:**

19 “414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740, 414.741[,]
20 **and 414.742 [and 414.743]:**

21 “(1) ‘Designated area’ means a geographic area of the state defined by the Oregon Health Au-
22 thority by rule that is served by a prepaid managed care health services organization.

23 “(2) ‘Fully capitated health plan’ means an organization that contracts with the Oregon Health
24 Authority or the Oregon Health Policy Board on a prepaid capitated basis under ORS 414.725 to
25 provide an adequate network of providers to ensure that the health services provided under the
26 contract are reasonably accessible to enrollees.

27 “(3) ‘Physician care organization’ means an organization that contracts with the Oregon Health
28 Authority or the Oregon Health Policy Board on a prepaid capitated basis under ORS 414.725 to
29 provide an adequate network of providers to ensure that the health services described in ORS
30 414.705 (1)(b), (c), (d), (e), (g) and (j) are reasonably accessible to enrollees. A physician care organ-
31 ization may also contract with the authority or the board on a prepaid capitated basis to provide
32 the health services described in ORS 414.705 (1)(k) and (L).

33 “(4) ‘Prepaid managed care health services organization’ means a managed physical health,
34 dental, mental health or chemical dependency organization that contracts with the authority or the
35 board on a prepaid capitated basis under ORS 414.725. A prepaid managed care health services or-
36 ganization may be a dental care organization, fully capitated health plan, physician care organiza-
37 tion, mental health organization or chemical dependency organization.

38 **“SECTION 7. ORS 414.743 is repealed on January 2, 2014.**

39 **“SECTION 8. The amendments to ORS 414.736 by sections 3 and 6 of this 2009 Act become
40 operative on January 2, 2014.**

41 **“SECTION 9. This 2009 Act being necessary for the immediate preservation of the public
42 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
43 October 1, 2009.”.**