

(To Resolve Conflicts)

**B-Engrossed**  
**Senate Bill 37**

Ordered by the House June 29  
Including Senate Amendments dated April 20 and House Amendments  
dated June 29 to resolve conflicts

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Senior and Disabled Services)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires Department of Human Services to ensure that rural health clinics receive full reimbursement within 45 days for health services provided to persons enrolled in prepaid managed care health services organizations.

**A BILL FOR AN ACT**

1  
2 Relating to payment for health care services; creating new provisions; and amending ORS 414.725.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 414.725 is amended to read:

5 414.725. (1)(a) Pursuant to rules adopted by the Department of Human Services, the department  
6 shall execute prepaid managed care health services contracts for health services funded by the  
7 Legislative Assembly. The contract must require that all services are provided to the extent and  
8 scope of the Health Services Commission's report for each service provided under the contract. The  
9 contracts are not subject to ORS chapters 279A and 279B, except ORS 279A.250 to 279A.290 and  
10 279B.235. Notwithstanding ORS 414.720 (8), the rules adopted by the department shall establish  
11 timelines for executing the contracts described in this paragraph.

12 (b) It is the intent of ORS 414.705 to 414.750 that the state use, to the greatest extent possible,  
13 prepaid managed care health services organizations to provide physical health, dental, mental health  
14 and chemical dependency services under ORS 414.705 to 414.750.

15 (c) The department shall solicit qualified providers or plans to be reimbursed for providing the  
16 covered services. The contracts may be with hospitals and medical organizations, health mainte-  
17 nance organizations, managed health care plans and any other qualified public or private prepaid  
18 managed care health services organization. The department may not discriminate against any con-  
19 tractors that offer services within their providers' lawful scopes of practice.

20 (d) The department shall establish annual financial reporting requirements for prepaid managed  
21 care health services organizations. The department shall prescribe a reporting procedure that elicits  
22 sufficiently detailed information for the department to assess the financial condition of each prepaid  
23 managed care health services organization and that includes information on the three highest  
24 executive salary and benefit packages of each prepaid managed care health services organization.

25 (e) The department shall require compliance with the provisions of paragraph (d) of this sub-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 section as a condition of entering into a contract with a prepaid managed care health services or-  
2 ganization.

3 **(f)(A) The department shall adopt rules and procedures to ensure that a rural health**  
4 **clinic that provides a health service to an enrollee of a prepaid managed care health services**  
5 **organization receives total aggregate payments from the organization, other payers on the**  
6 **claim and the department that are no less than the amount the rural health clinic would**  
7 **receive in the department’s fee-for-service payment system. The department shall issue a**  
8 **payment to the rural health clinic in accordance with this subsection within 45 days of re-**  
9 **ceipt by the department of a completed billing form.**

10 **(B) “Rural health clinic,” as used in this paragraph, shall be defined by the department**  
11 **by rule and shall conform, as far as practicable or applicable in this state, to the definition**  
12 **of that term in 42 U.S.C. 1395x(aa)(2).**

13 (2) The department may institute a fee-for-service case management system or a fee-for-service  
14 payment system for the same physical health, dental, mental health or chemical dependency services  
15 provided under the health services contracts for persons eligible for health services under ORS  
16 414.705 to 414.750 in designated areas of the state in which a prepaid managed care health services  
17 organization is not able to assign an enrollee to a person or entity that is primarily responsible for  
18 coordinating the physical health, dental, mental health or chemical dependency services provided to  
19 the enrollee. In addition, the department may make other special arrangements as necessary to in-  
20 crease the interest of providers in participation in the state’s managed care system, including but  
21 not limited to the provision of stop-loss insurance for providers wishing to limit the amount of risk  
22 they wish to underwrite.

23 (3) As provided in subsections (1) and (2) of this section, the aggregate expenditures by the de-  
24 partment for health services provided pursuant to ORS 414.705 to 414.750 may not exceed the total  
25 dollars appropriated for health services under ORS 414.705 to 414.750.

26 (4) Actions taken by providers, potential providers, contractors and bidders in specific accord-  
27 ance with ORS 414.705 to 414.750 in forming consortiums or in otherwise entering into contracts to  
28 provide health care services shall be performed pursuant to state supervision and shall be consid-  
29 ered to be conducted at the direction of this state, shall be considered to be lawful trade practices  
30 and may not be considered to be the transaction of insurance for purposes of the Insurance Code.

31 (5) Health care providers contracting to provide services under ORS 414.705 to 414.750 shall  
32 advise a patient of any service, treatment or test that is medically necessary but not covered under  
33 the contract if an ordinarily careful practitioner in the same or similar community would do so un-  
34 der the same or similar circumstances.

35 (6) A prepaid managed care health services organization shall provide information on contacting  
36 available providers to an enrollee in writing within 30 days of assignment to the health services  
37 organization.

38 (7) Each prepaid managed care health services organization shall provide upon the request of  
39 an enrollee or prospective enrollee annual summaries of the organization’s aggregate data regarding:

40 (a) Grievances and appeals; and

41 (b) Availability and accessibility of services provided to enrollees.

42 (8) A prepaid managed care health services organization may not limit enrollment in a desig-  
43 nated area based on the zip code of an enrollee or prospective enrollee.

44 **SECTION 2. The amendments to ORS 414.725 by section 1 of this 2009 Act apply to claims**  
45 **billed by a rural health clinic to a prepaid managed care health services organization on or**

1 after May 17, 2011.

2 **SECTION 3. If House Bill 2009 becomes law, section 1 of this 2009 Act (amending ORS**  
 3 **414.725) and section 2 of this 2009 Act are repealed and ORS 414.725, as amended by section**  
 4 **325, chapter \_\_, Oregon Laws 2009 (Enrolled House Bill 2009), is amended to read:**

5 414.725. (1)(a) Pursuant to rules adopted by the Oregon Health Authority, the authority shall  
 6 execute prepaid managed care health services contracts for health services funded by the Legisla-  
 7 tive Assembly. The contract must require that all services are provided to the extent and scope of  
 8 the Health Services Commission's report for each service provided under the contract. The con-  
 9 tracts are not subject to ORS chapters 279A and 279B, except ORS 279A.250 to 279A.290 and  
 10 279B.235. Notwithstanding ORS 414.720 (8), the rules adopted by the authority shall establish  
 11 timelines for executing the contracts described in this paragraph.

12 (b) It is the intent of ORS 414.705 to 414.750 that the state use, to the greatest extent possible,  
 13 prepaid managed care health services organizations to provide physical health, dental, mental health  
 14 and chemical dependency services under ORS 414.705 to 414.750.

15 (c) The authority shall solicit qualified providers or plans to be reimbursed for providing the  
 16 covered services. The contracts may be with hospitals and medical organizations, health mainte-  
 17 nance organizations, managed health care plans and any other qualified public or private prepaid  
 18 managed care health services organization. The authority may not discriminate against any con-  
 19 tractors that offer services within their providers' lawful scopes of practice.

20 (d) The authority shall establish annual financial reporting requirements for prepaid managed  
 21 care health services organizations. The authority shall prescribe a reporting procedure that elicits  
 22 sufficiently detailed information for the authority to assess the financial condition of each prepaid  
 23 managed care health services organization and that includes information on the three highest  
 24 executive salary and benefit packages of each prepaid managed care health services organization.

25 (e) The authority shall require compliance with the provisions of paragraph (d) of this subsection  
 26 as a condition of entering into a contract with a prepaid managed care health services organization.

27 **(f)(A) The authority shall adopt rules and procedures to ensure that a rural health clinic**  
 28 **that provides a health service to an enrollee of a prepaid managed care health services or-**  
 29 **ganization receives total aggregate payments from the organization, other payers on the**  
 30 **claim and the authority that are no less than the amount the rural health clinic would re-**  
 31 **ceive in the authority's fee-for-service payment system. The authority shall issue a payment**  
 32 **to the rural health clinic in accordance with this subsection within 45 days of receipt by the**  
 33 **authority of a completed billing form.**

34 **(B) "Rural health clinic," as used in this paragraph, shall be defined by the authority by**  
 35 **rule and shall conform, as far as practicable or applicable in this state, to the definition of**  
 36 **that term in 42 U.S.C. 1395x(aa)(2).**

37 (2) The authority may institute a fee-for-service case management system or a fee-for-service  
 38 payment system for the same physical health, dental, mental health or chemical dependency services  
 39 provided under the health services contracts for persons eligible for health services under ORS  
 40 414.705 to 414.750 in designated areas of the state in which a prepaid managed care health services  
 41 organization is not able to assign an enrollee to a person or entity that is primarily responsible for  
 42 coordinating the physical health, dental, mental health or chemical dependency services provided to  
 43 the enrollee. In addition, the authority may make other special arrangements as necessary to in-  
 44 crease the interest of providers in participation in the state's managed care system, including but  
 45 not limited to the provision of stop-loss insurance for providers wishing to limit the amount of risk

1 they wish to underwrite.

2 (3) As provided in subsections (1) and (2) of this section, the aggregate expenditures by the au-  
3 thority for health services provided pursuant to ORS 414.705 to 414.750 may not exceed the total  
4 dollars appropriated for health services under ORS 414.705 to 414.750.

5 (4) Actions taken by providers, potential providers, contractors and bidders in specific accord-  
6 ance with ORS 414.705 to 414.750 in forming consortiums or in otherwise entering into contracts to  
7 provide health care services shall be performed pursuant to state supervision and shall be consid-  
8 ered to be conducted at the direction of this state, shall be considered to be lawful trade practices  
9 and may not be considered to be the transaction of insurance for purposes of the Insurance Code.

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12 the contract if an ordinarily careful practitioner in the same or similar community would do so un-  
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14 (6) A prepaid managed care health services organization shall provide information on contacting  
15 available providers to an enrollee in writing within 30 days of assignment to the health services  
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17 (7) Each prepaid managed care health services organization shall provide upon the request of  
18 an enrollee or prospective enrollee annual summaries of the organization's aggregate data regarding:

19 (a) Grievances and appeals; and

20 (b) Availability and accessibility of services provided to enrollees.

21 (8) A prepaid managed care health services organization may not limit enrollment in a desig-  
22 nated area based on the zip code of an enrollee or prospective enrollee.

23 **SECTION 4. The amendments to ORS 414.725 by section 3 of this 2009 Act apply to claims**  
24 **billed by a rural health clinic to a prepaid managed care health services organization on or**  
25 **after May 17, 2011.**

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