

A-Engrossed
Senate Bill 454

Ordered by the Senate May 6
Including Senate Amendments dated May 6

Sponsored by COMMITTEE ON HEALTH CARE AND VETERANS' AFFAIRS (at the request of Oregon Health Fund Board)

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.

Establishes data reporting requirements for carriers offering health benefit plans and for third party administrators. [*Requires insurers to include administrative expenses and explanation of changes in administrative expenses in rate filings. Requires Director of Department of Consumer and Business Services to approve increases in administrative expenses.*]

[*Authorizes director to establish by rule uniform statewide standards for administrative functions of licensed health insurers.*]

Requires Office for Oregon Health Policy and Research to convene stakeholder workgroup to develop uniform standards for licensed health insurers. Requires office to report on development of standards to appropriate interim committee of Legislative Assembly on or before October 1, 2009.

Authorizes Department of Consumer and Business Services to establish uniform standards.

[*Authorizes Office for Oregon Health Policy and Research to collect and report changes in contracted prices for services provided by health benefit plan or administered by third party administrator.*] Authorizes office to adopt reporting requirements for capital projects proposed by hospitals and ambulatory surgical centers. [*Authorizes*] **Requires** office to adopt rules to ensure full disclosure about expected impact of capital project to community served by hospital or ambulatory surgical center. **Directs Administrator of Office for Oregon Health Policy and Research to adopt schedule of penalties, not to exceed \$500 per day of violation.**

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to health care cost information; and declaring an emergency.

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

4 **SECTION 1. Sections 2, 3 and 4 of this 2009 Act are added to and made a part of the In-**
5 **insurance Code.**

6 **SECTION 2. "Covered life" means a subscriber, policyholder, certificate holder, spouse,**
7 **dependent child or any other individual insured under an insurance policy or whose benefits**
8 **are administered by a third party administrator licensed under ORS 744.702.**

9 **SECTION 3. (1) A carrier offering a health benefit plan as defined in ORS 743.730 and a**
10 **third party administrator licensed under ORS 744.702 shall annually submit to the Depart-**
11 **ment of Consumer and Business Services, in a form and manner prescribed by the depart-**
12 **ment, data concerning the number of covered lives of the carrier or third party**
13 **administrator, reported by line of business and by zip code.**

14 **(2) The department shall aggregate the data collected under subsection (1) of this section**
15 **and may publish reports on the number of covered lives in Oregon, by line of business and**
16 **by region.**

17 **SECTION 4. The Director of the Department of Consumer and Business Services may**

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 establish by rule uniform standards applicable to health insurers licensed by the Department
2 of Consumer and Business Services that incorporate the standards developed by the Office
3 for Oregon Health Policy and Research pursuant to section 5 of this 2009 Act.

4 **SECTION 5.** (1) The Office for Oregon Health Policy and Research shall convene a
5 stakeholder workgroup to develop uniform standards for health insurers licensed in this
6 state, including but not limited to standards for:

- 7 (a) Eligibility verification.
- 8 (b) Health care claims processes.
- 9 (c) Payment and remittance advice.

10 (2) The Office for Oregon Health Policy and Research shall report on progress toward the
11 development of uniform standards under subsection (1) of this section to the appropriate
12 interim committee of the Legislative Assembly no later than October 1, 2009.

13 **SECTION 6.** Sections 7, 8 and 9 of this 2009 Act are added to and made a part of ORS
14 chapter 442.

15 **SECTION 7.** As used in this section and sections 8 and 9 of this 2009 Act:

16 (1)(a) "Capital project" means:

17 (A) The construction, development, purchase, renovation or any construction expenditure
18 by or on behalf of a reporting entity, for which the cost:

- 19 (i) For type A hospitals, exceeds five percent of gross revenue.
- 20 (ii) For type B hospitals, exceeds five percent of gross revenue.
- 21 (iii) For DRG hospitals, exceeds 1.75 percent of gross revenue.
- 22 (iv) For ambulatory surgery centers, exceeds \$2 million.

23 (B) The purchase or lease of, or other comparable arrangement for, a single piece of di-
24 agnostic or therapeutic equipment for which the cost or, in the case of a donation, the value
25 exceeds \$1 million. The acquisition of two or more pieces of diagnostic or therapeutic equip-
26 ment that are necessarily interdependent in the performance of ordinary functions shall be
27 combined in calculating the cost or value of the transaction.

28 (b) "Capital project" does not include a project financed entirely through charitable
29 fundraising.

30 (2) "DRG hospital" means a hospital that is not a type A or type B hospital and that re-
31 ceives Medicare reimbursement based upon diagnostic related groups.

32 (3) "Gross revenue" has the meaning given that term in ORS 442.015.

33 (4) "Reporting entity" includes the following if licensed pursuant to ORS 441.015:

- 34 (a) A type A hospital as described in ORS 442.470.
- 35 (b) A type B hospital as described in ORS 442.470.
- 36 (c) A DRG hospital.
- 37 (d) An ambulatory surgical center as defined in ORS 442.015.

38 **SECTION 8.** The Office for Oregon Health Policy and Research may adopt rules requiring
39 reporting entities within the state to publicly report proposed capital projects. Rules adopted
40 under this section must:

41 (1) Require a reporting entity to establish on the home page of its website a prominently
42 labeled link to information about proposed or pending capital projects. The information
43 posted must include but is not limited to a report of the community benefit for the project,
44 its estimated cost and a means for interested persons to submit comments. When a report-
45 ing entity posts the information required under this subsection, the reporting entity must

1 **notify the Office for Oregon Health Policy and Research of the posting in the manner pre-**
2 **scribed by the office.**

3 **(2) If a reporting entity does not have a website, require the reporting entity to publish**
4 **notice of the proposed capital project in a major newspaper or online equivalent serving the**
5 **region in which the proposed capital project will be located. The notice must include but is**
6 **not limited to a report of the community benefit for the project, its estimated cost and a**
7 **means for interested persons to submit comments. When a reporting entity publishes the**
8 **information required under this subsection, the reporting entity must notify the Office for**
9 **Oregon Health Policy and Research of the publication in the manner prescribed by the office.**

10 **(3) Establish a publicly available resource for information collected under this section.**

11 **SECTION 9. (1) Any reporting entity that fails to report as required by rules of the Office**
12 **for Oregon Health Policy and Research adopted pursuant to section 8 of this 2009 Act may**
13 **be subject to a civil penalty.**

14 **(2) The Administrator of the Office for Oregon Health Policy and Research shall adopt a**
15 **schedule of penalties, not to exceed \$500 per day of violation, that are based on the severity**
16 **of the violation.**

17 **(3) Civil penalties imposed under this section shall be imposed as provided in ORS 183.745.**

18 **(4) Civil penalties imposed under this section may be remitted or mitigated upon such**
19 **terms and conditions as the administrator considers proper and consistent with the public**
20 **health and safety.**

21 **(5) Civil penalties incurred under any law of this state are not allowable as costs for the**
22 **purpose of rate determination or for reimbursement by a third-party payer.**

23 **SECTION 10. This 2009 Act being necessary for the immediate preservation of the public**
24 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**
25 **on its passage.**