

# House Bill 3559

Sponsored by Representative KOTEK; Senators GEORGE, KRUSE

## 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 **as introduced**.

Requires Oregon Health Authority to prescribe payment methodologies for hospital, ambulatory surgical center and certain health care services. Requires hospitals, ambulatory surgical centers and health care providers to bill and accept as payment in full, in specified circumstances, payments made in accordance with uniform methodologies prescribed by authority.

Applies to payments for services provided on or after January 1, 2013, or payments for services provided pursuant to contracts renewed or extended after January 1, 2013.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to payments for medical services; creating new provisions; amending ORS 243.125 and  
3 243.864; and declaring an emergency.

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

5 **SECTION 1. (1) As used in this section and section 2 of this 2011 Act:**

6 (a) **"Health care services" means health services for which reimbursement is calculated**  
7 **using the resource-based relative value scale.**

8 (b) **"Resource-based relative value scale" means the payment scale established by the**  
9 **Centers for Medicare and Medicaid Services under 42 C.F.R. 414.22.**

10 (2) **The Oregon Health Authority shall prescribe by rule a uniform payment methodology**  
11 **for hospital and ambulatory surgical center services that:**

12 (a) **Incorporates the most recent Medicare payment methodologies established by the**  
13 **Centers for Medicare and Medicaid Services for hospital and ambulatory surgical center**  
14 **services;**

15 (b) **Includes payment methodologies for services that are not fully addressed by the**  
16 **Medicare payment methodologies; and**

17 (c) **Allows for the use of alternative payment methodologies, including but not limited to**  
18 **pay-for-performance, bundled payments and capitation.**

19 (3) **The authority shall prescribe by rule a uniform payment methodology for the re-**  
20 **imbursement of health care services.**

21 (4) **In developing the payment methodologies described in this section, the authority shall**  
22 **convene and be advised by a work group consisting of providers, purchasers and consumers**  
23 **of the types of health care services that are subject to the methodologies.**

24 **SECTION 2. (1)(a) A hospital or ambulatory surgical center shall bill and accept as pay-**  
25 **ment in full an amount determined in accordance with the payment methodology prescribed**  
26 **by the Oregon Health Authority under section 1 (2) of this 2011 Act.**

27 (b) **This subsection does not apply to type A or type B hospitals as described in ORS**  
28 **442.470 or rural critical access hospitals as defined in ORS 315.613.**

**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       **(2) Providers of health care services shall bill and accept as payment in full a re-**  
 2 **imbursement amount determined in accordance with the payment methodology prescribed**  
 3 **by the authority under section 1 (3) of this 2011 Act.**

4       **SECTION 3. Section 4 of this 2011 Act is added to and made a part of ORS 243.105 to**  
 5 **243.285.**

6       **SECTION 4. (1) A hospital that provides services or supplies under a benefit plan offered**  
 7 **by the Public Employees' Benefit Board shall be reimbursed using the methodology pre-**  
 8 **scribed by the Oregon Health Authority under section 1 of this 2011 Act and may not be re-**  
 9 **imbursed for each service or supply provided.**

10       **(2) This section applies to hospital payments made by a carrier under a contract with the**  
 11 **board and to hospital payments made under a self-insurance program administered by a third**  
 12 **party administrator on behalf of the board.**

13       **(3) This section does not apply to reimbursements paid by a carrier or third party ad-**  
 14 **ministrator to a hospital that is not subject to the methodology prescribed by the authority**  
 15 **under section 1 of this 2011 Act.**

16       **SECTION 5. Section 6 of this 2011 Act is added to and made a part of ORS 243.860 to**  
 17 **243.886.**

18       **SECTION 6. (1) A hospital that provides services or supplies under a benefit plan offered**  
 19 **by the Oregon Educators Benefit Board shall be reimbursed using the methodology pre-**  
 20 **scribed by the Oregon Health Authority under section 1 of this 2011 Act and may not be re-**  
 21 **imbursed for each service or supply provided.**

22       **(2) This section applies to hospital payments made by a carrier under a contract with the**  
 23 **board and to hospital payments made under a self-insurance program administered by a third**  
 24 **party administrator on behalf of the board.**

25       **(3) This section does not apply to reimbursements paid by a carrier or third party ad-**  
 26 **ministrator to a hospital that is not subject to the methodology prescribed by the authority**  
 27 **under section 1 of this 2011 Act.**

28       **SECTION 7. ORS 243.125 is amended to read:**

29       243.125. (1) The Public Employees' Benefit Board shall prescribe rules for the conduct of its  
 30 business **and for carrying out section 4 of this 2011 Act.** The board shall study all matters con-  
 31 nected with the providing of adequate benefit plan coverage for eligible state employees on the best  
 32 basis possible with relation both to the welfare of the employees and to the state. The board shall  
 33 design benefits, devise specifications, analyze carrier responses to advertisements for bids and decide  
 34 on the award of contracts. Contracts shall be signed by the chairperson on behalf of the board.

35       (2) In carrying out its duties under subsection (1) of this section, the goal of the board shall be  
 36 to provide a high quality plan of health and other benefits for state employees at a cost affordable  
 37 to both the employer and the employees.

38       (3) Subject to ORS chapter 183, the board may make rules not inconsistent with ORS 243.105 to  
 39 243.285 and 292.051 to determine the terms and conditions of eligible employee participation and  
 40 coverage.

41       (4) The board shall prepare specifications, invite bids and do acts necessary to award contracts  
 42 for health benefit plan and dental benefit plan coverage of eligible employees in accordance with the  
 43 criteria set forth in ORS 243.135 (1).

44       (5) The board may retain consultants, brokers or other advisory personnel when necessary and,  
 45 subject to the State Personnel Relations Law, shall employ such personnel as are required to per-

1 form the functions of the board.

2 **SECTION 8.** ORS 243.864 is amended to read:

3 243.864. (1) The Oregon Educators Benefit Board:

4 (a) Shall adopt rules for the conduct of its business **and for carrying out section 6 of this 2011**  
5 **Act**; and

6 (b) May adopt rules not inconsistent with ORS 243.860 to 243.886 to determine the terms and  
7 conditions of eligible employee participation in and coverage under benefit plans.

8 (2) The board shall study all matters connected with the provision of adequate benefit plan  
9 coverage for eligible employees on the best basis possible with regard to the welfare of the em-  
10 ployees and affordability for the districts. The board shall design benefits, prepare specifications,  
11 analyze carrier responses to advertisements for bids and award contracts. Contracts shall be signed  
12 by the chairperson on behalf of the board.

13 (3) In carrying out its duties under subsections (1) and (2) of this section, the goal of the board  
14 is to provide high-quality health, dental and other benefit plans for eligible employees at a cost af-  
15 fordable to the districts, the employees and the taxpayers of Oregon.

16 (4) The board shall prepare specifications, invite bids and take actions necessary to award con-  
17 tracts for health and dental benefit plan coverage of eligible employees in accordance with the cri-  
18 teria set forth in ORS 243.866 (1). The Public Contracting Code does not apply to contracts for  
19 benefit plans provided under ORS 243.860 to 243.886. The board may not exclude from competition  
20 to contract for a benefit plan an Oregon carrier solely because the carrier does not serve all coun-  
21 ties in Oregon.

22 (5) The board may retain consultants, brokers or other advisory personnel when necessary and  
23 shall employ such personnel as are required to perform the functions of the board.

24 **SECTION 9. (1) Except as provided in subsection (2) of this section, sections 1 to 6 of this**  
25 **2011 Act and the amendments to ORS 243.125 and 243.864 by sections 7 and 8 of this 2011 Act**  
26 **apply to reimbursement paid to a health care provider for outpatient services, patient dis-**  
27 **charges or hospital transfers occurring on or after January 1, 2013.**

28 **(2) In any case in which a health care provider is reimbursed under the terms of a con-**  
29 **tract that is in effect on January 1, 2013, sections 1 to 6 of this 2011 Act and the amendments**  
30 **to ORS 243.125 and 243.864 by sections 7 and 8 of this 2011 Act apply to reimbursement for**  
31 **outpatient services, patient discharges and hospital transfers occurring on or after the date**  
32 **on which the contract is renewed or extended.**

33 **SECTION 10. This 2011 Act being necessary for the immediate preservation of the public**  
34 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**  
35 **on its passage.**

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