

**A-Engrossed**  
**House Bill 3650**

Ordered by the House May 18  
Including House Amendments dated May 18

Sponsored by JOINT SPECIAL COMMITTEE ON HEALTH CARE TRANSFORMATION

**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 Oregon Integrated and Coordinated Health Care Delivery System to replace managed care systems for recipients of medical assistance **by January 1, 2014**. [*Specifies criteria for coordinated care organizations.*] **Requires Oregon Health Authority to develop proposal for consideration by Legislative Assembly for coordinated care organization qualification criteria and global budgeting process.** Requires Oregon Health Authority to seek federal approval to allow enrollment of individuals who are dually eligible for Medicare and Medicaid into coordinated care organizations. [*Requires authority to establish alternate payment methodologies for coordinated care organizations.*] Requires coordinated care organizations to report outcome and quality measures developed by authority. Requires coordinated care organizations to use patient centered primary care homes to extent practicable. Establishes consumer protections for members of and providers in coordinated care organizations. Allows sharing of confidential information within coordinated care organization. Creates exemption from antitrust laws for activities under Oregon Integrated and Coordinated Health Care Delivery System.

**Requires Oregon Health Authority to conduct study and make recommendations to Legislative Assembly for reducing health care costs attributable to defensive medicine.**

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to health; creating new provisions; amending ORS 192.493, 410.604, 411.404, 411.708, 413.032,  
3 414.018, 414.025, 414.033, 414.065, 414.115, 414.153, 414.211, 414.229, 414.428, 414.620, 414.630,  
4 414.706, 414.707, 414.712, 414.725, 414.727, 414.728, 414.736, 414.737, 414.743, 414.746, 414.760,  
5 416.510, 416.530, 416.540, 416.610, 441.094, 442.464, 442.468, 655.515, 659.830, 735.615 and 743.847  
6 and section 9, chapter 736, Oregon Laws 2003, and sections 1 and 9, chapter 867, Oregon Laws  
7 2009; repealing ORS 414.610, 414.630, 414.640, 414.705, 414.728, 414.736, 414.738, 414.739, 414.740,  
8 414.741 and 414.742; and declaring an emergency.

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

10  
11 **HEALTH SYSTEM TRANSFORMATION**

12  
13 **SECTION 1.** ORS 414.018 is amended to read:

14 414.018. **Legislative intent.** (1) It is the intention of the Legislative Assembly to achieve the  
15 goals of universal access to an adequate level of high quality health care at an affordable cost.

16 (2) The Legislative Assembly finds:

17 (a) A significant level of public and private funds is expended each year for the provision of  
18 health care to Oregonians;

19 (b) The state has a strong interest in assisting Oregon businesses and individuals to obtain  
20 reasonably available insurance or other coverage of the costs of necessary basic health care ser-

**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 vices;

2 (c) The lack of basic health care coverage is detrimental not only to the health of individuals  
3 lacking coverage, but also to the public welfare and the state's need to encourage employment  
4 growth and economic development, and the lack results in substantial expenditures for emergency  
5 and remedial health care for all purchasers of health care including the state; and

6 *[(d) The use of managed health care systems has significant potential to reduce the growth of health  
7 care costs incurred by the people of this state.]*

8 **(d) The use of integrated and coordinated health care systems has significant potential  
9 to reduce the growth of health care costs incurred by the people of this state.**

10 **(3) The Legislative Assembly finds that achieving its goals of improving health, increasing  
11 the quality, reliability, availability and continuity of care and reducing the cost of care re-  
12 quires an integrated and coordinated health care system in which:**

13 **(a) Medical assistance recipients, other than residents in long term care, and individuals  
14 who are fully eligible for both Medicare and Medicaid participate.**

15 **(b) Health care services, other than Medicaid-funded long term care services, are deliv-  
16 ered through coordinated care contracts that use alternative payment methodologies to fo-  
17 cus on prevention, improving health equity and reducing health disparities, utilizing patient  
18 centered primary care homes, evidence-based practices and health information technology  
19 to improve health and health care.**

20 **(c) High quality information is collected and used to measure health outcomes, health  
21 care quality and costs and clinical health information.**

22 **(d) Communities and regions are accountable for improving the health of their commu-  
23 nities and regions, reducing avoidable health gaps among different cultural groups and  
24 managing health care resources.**

25 **(e) Care and services emphasize preventive services and services supporting individuals  
26 to live independently at home or in their community.**

27 **(f) Services are person centered, and provide choice, independence and dignity reflected  
28 in individual plans and provide assistance in accessing care and services.**

29 **(g) Interactions between the Oregon Health Authority and coordinated care organizations  
30 are done in a transparent and public manner.**

31 **(h) Moneys provided by the federal government for medical education are allocated to the  
32 institutions that provide the education.**

33 **(4) The Legislative Assembly further finds that there is an extreme need for a skilled,  
34 diverse workforce to meet the rapidly growing demand for community-based health care. To  
35 meet that need, this state must:**

36 **(a) Build on existing training programs; and**

37 **(b) Provide an opportunity for frontline care providers to have a voice in their workplace  
38 in order to effectively advocate for quality care.**

39 **(5) As used in subsection (3) of this section:**

40 **(a) "Community" means the groups within the geographic area served by a coordinated  
41 care organization and includes groups that identify themselves by age, ethnicity, race, eco-  
42 nomic status, or other defining characteristic that may impact delivery of health care ser-  
43 vices to the group, as well as the governing body of each county located wholly or partially  
44 within the coordinated care organization's service area.**

45 **(b) "Region" means the geographical boundaries of the area served by a coordinated care**

1 organization as well as the governing body of each county that has jurisdiction over all or  
2 part of the coordinated care organization's service area.

3 **SECTION 2.** ORS 414.620 is amended to read:

4 **414.620. Establishment of Oregon Integrated and Coordinated Health Care Delivery Sys-**  
5 **tem.** (1) There is established the Oregon **Integrated and Coordinated** Health Care [*Cost Contain-*  
6 *ment*] **Delivery** System. The system shall consist of state policies and actions that [*encourage price*  
7 *competition among health care providers, that monitor services and costs of the health care system in*  
8 *Oregon, and that maintain the regulatory controls necessary to assure quality and affordable health*  
9 *services to all Oregonians. The system shall also include contracts with providers on a prepaid*  
10 *capitation basis for the provision of at least hospital or physician medical care, or both, to eligible*  
11 *persons as described in ORS 414.025.*] **make coordinated care organizations accountable for care**  
12 **management and provision of integrated and coordinated health care for each organization's**  
13 **members, managed within fixed global budgets, by providing care so that efficiency and**  
14 **quality improvements reduce medical cost inflation while supporting the development of re-**  
15 **gional and community accountability for the health of the residents of each region and**  
16 **community, and while maintaining regulatory controls necessary to ensure quality and af-**  
17 **fordable health care for all Oregonians.**

18 (2) The Oregon Health Authority shall seek input from groups and individuals who are  
19 part of underserved communities, including ethnically diverse populations, geographically  
20 isolated groups, seniors, people with disabilities and people using mental health services, and  
21 shall also seek input from providers, coordinated care organizations and communities, in the  
22 development of strategies that promote person centered care and encourage healthy behav-  
23 iors, healthy lifestyles and prevention and wellness activities and promote the development  
24 of patients' skills in self-management and illness management.

25 (3) The authority shall regularly report to the Oregon Health Policy Board, the Governor  
26 and the Legislative Assembly on the progress of payment reform and delivery system change  
27 including:

- 28 (a) The achievement of benchmarks;
- 29 (b) Progress toward eliminating health disparities;
- 30 (c) Results of evaluations;
- 31 (d) Rules adopted;
- 32 (e) Customer satisfaction;
- 33 (f) Coordinated care organization models of care;
- 34 (g) Use of patient centered primary care homes;
- 35 (h) The involvement of local governments in governance and service delivery; and
- 36 (i) Other developments with respect to coordinated care organizations.

37 **SECTION 3. Adding to ORS chapter 414.** Sections 4 to 8, 10 to 15 and 17 of this 2011 Act  
38 are added to and made a part of ORS chapter 414.

39 **SECTION 4. Coordinated care organizations.** The Oregon Health Authority shall adopt  
40 by rule the criteria for a coordinated care organization and shall integrate the criteria into  
41 each contract with a coordinated care organization. Coordinated care organizations may be  
42 local, community-based organizations or statewide organizations with community-based par-  
43 ticipation in governance or any combination of the two. Coordinated care organizations may  
44 contract with counties or with other public or private entities to provide services to mem-  
45 bers. The authority may not contract with only one statewide organization. A coordinated

1 care organization may be a single corporate structure or a network of providers organized  
2 through contractual relationships. The criteria adopted by the authority under this section  
3 must be designed so that:

4 (1) Each member of the coordinated care organization receives integrated person centered  
5 care and services designed to provide choice, independence and dignity.

6 (2) Each member has a consistent and stable relationship with a care team that is re-  
7 sponsible for comprehensive care management and service delivery.

8 (3) The supportive and therapeutic needs of each member are addressed in a holistic  
9 fashion, using patient centered primary care homes and individualized care plans to the ex-  
10 tent feasible.

11 (4) Members receive comprehensive transitional care, including appropriate follow-up,  
12 when entering and leaving an acute care facility or a long term care setting.

13 (5) Members receive assistance in navigating the health care delivery system and in ac-  
14 cessing community and social support services and statewide resources, including through  
15 the use of certified health care interpreters, as defined in ORS 409.615, community health  
16 workers and personal health navigators.

17 (6) Services and supports are geographically located as close to where members reside  
18 as possible and are, if available, offered in nontraditional settings that are accessible to  
19 families, diverse communities and underserved populations.

20 (7) Each coordinated care organization uses health information technology to link ser-  
21 vices and care providers across the continuum of care to the greatest extent practicable.

22 (8) Each coordinated care organization complies with the safeguards for members de-  
23 scribed in section 8 of this 2011 Act.

24 (9) On or before July 1, 2014, each coordinated care organization must have a formal  
25 contractual relationship with any dental care organization that serves members of the co-  
26 ordinated care organization in the area where they reside.

27 (10) Each coordinated care organization has a governance structure that includes:

28 (a) Consumers of services of the coordinated care organization;

29 (b) The persons that share in the financial risk of the organization;

30 (c) The major components of the health care delivery system; and

31 (d) The community at large, to ensure that the organization's decision-making is con-  
32 sistent with the values of the members and the community.

33 (11) Each coordinated care organization convenes a community advisory council, which  
34 includes representatives of the community and of county government, that meets regularly  
35 to ensure that the health care needs of the consumers and the community are being ad-  
36 dressed.

37 (12) Each coordinated care organization prioritizes working with members who have high  
38 health care needs, multiple chronic conditions, mental illness or chemical dependency and  
39 involves those members in accessing and managing appropriate preventive, health, remedial  
40 and supportive care and services to reduce the use of avoidable emergency room visits and  
41 hospital admissions.

42 (13) Members have a choice of providers within the coordinated care organization's net-  
43 work and that providers participating in a coordinated care organization:

44 (a) Work together to develop best practices for care and service delivery to reduce waste  
45 and improve the health and well-being of members.

1 (b) Are educated about the integrated approach and how to access and communicate  
2 within the integrated system about a patient's treatment plan and health history.

3 (c) Emphasize prevention, healthy lifestyle choices, evidence-based practices, shared  
4 decision-making and communication.

5 (d) Are permitted to participate in the networks of multiple coordinated care organiza-  
6 tions.

7 (e) Include providers of specialty care.

8 (f) Are selected by coordinated care organizations using universal application and cre-  
9 dentialing procedures, objective quality information and are removed if the providers fail to  
10 meet objective quality standards.

11 (14) Each coordinated care organization reports on outcome and quality measures iden-  
12 tified by the authority under section 10 of this 2011 Act and participates in the health care  
13 data reporting system established in ORS 442.464 and 442.466.

14 (15) Each coordinated care organization uses best practices in the management of fi-  
15 nances, contracts, claims processing, payment functions and provider networks.

16 (16) Each coordinated care organization participates in the learning collaborative de-  
17 scribed in ORS 442.210 (3).

18 **SECTION 5. Alternative payment methodologies.** (1) The Oregon Health Authority shall  
19 encourage coordinated care organizations to use alternative payment methodologies that:

20 (a) Reimburse providers on the basis of health outcomes and quality measures instead  
21 of the volume of care;

22 (b) Hold organizations and providers responsible for the efficient delivery of quality care;

23 (c) Reward good performance;

24 (d) Limit increases in medical costs; and

25 (e) Use payment structures that create incentives to:

26 (A) Promote prevention;

27 (B) Provide person centered care; and

28 (C) Reward comprehensive care coordination using delivery models such as patient cen-  
29 tered primary care homes.

30 (2) The authority shall encourage coordinated care organizations to utilize alternative  
31 payment methodologies that move from a predominantly fee-for-service system to payment  
32 methods that base reimbursement on the quality rather than the quantity of services pro-  
33 vided.

34 (3) The authority shall assist and support coordinated care organizations in identifying  
35 cost-cutting measures.

36 (4) A coordinated care organization may not reimburse claims for services necessitated  
37 by serious adverse events or never events that were within the control of the provider or  
38 organization presenting the claim. The authority shall prescribe by rule events constituting  
39 "never events" or "serious adverse events" consistent with the standards adopted by the  
40 Centers for Medicare and Medicaid Services.

41 **SECTION 6. Patient centered primary care homes.** (1) The Oregon Health Authority shall  
42 establish standards for the utilization of patient centered primary care homes in coordinated  
43 care organizations.

44 (2) Each coordinated care organization shall implement, to the maximum extent feasible,  
45 patient centered primary care homes, including developing capacity for services in settings

1 that are accessible to families, diverse communities and underserved populations. The or-  
2 ganization shall require its other health and services providers to communicate and coordi-  
3 nate care with the patient centered primary care home in a timely manner using electronic  
4 health information technology.

5 (3) Standards established by the authority for the utilization of patient centered primary  
6 care homes by coordinated care organizations may require the use of federally qualified  
7 health centers, rural health clinics, school-based health clinics and other safety net providers  
8 that qualify as patient centered primary care homes to ensure the continued critical role of  
9 those providers in meeting the needs of underserved populations.

10 (4) Each coordinated care organization shall report to the authority on uniform quality  
11 measures prescribed by the authority by rule for patient centered primary care homes.

12 (5) Patient centered primary care homes must participate in the learning collaborative  
13 described in ORS 442.210 (3).

14 **SECTION 7. Dually eligible individuals.** (1) Subject to the Oregon Health Authority ob-  
15 taining any necessary authorization from the Centers for Medicare and Medicaid Services  
16 under section 17 of this 2011 Act, coordinated care organizations that meet the criteria  
17 adopted under section 4 of this 2011 Act are responsible for providing covered Medicare and  
18 Medicaid services to members who are dually eligible for Medicare and Medicaid in addition  
19 to medical assistance recipients, except for residents of long term care.

20 (2) Dually eligible individuals shall be permitted to enroll in and remain enrolled in a  
21 program of all-inclusive care for the elderly, as defined in 42 C.F.R. part 460.

22 (3) Except for the enrollment in coordinated care organizations of individuals who are  
23 dually eligible for Medicare and Medicaid, the rights and benefits of Medicare beneficiaries  
24 under Title XVIII of the Social Security Act shall be preserved.

25 **SECTION 8. Consumer and provider protections.** (1) The Oregon Health Authority shall  
26 adopt by rule safeguards for members enrolled in coordinated care organizations that protect  
27 against underutilization of services and inappropriate denials of services. In addition to any  
28 other consumer rights and responsibilities established by law, each member:

29 (a) Must be encouraged to be an active partner in directing the member's health care  
30 and services and not a passive recipient of care.

31 (b) And the member's family should receive timely, complete and accurate information  
32 in order to effectively participate in care and decision-making and to have consumer and  
33 family knowledge, values, beliefs and cultural backgrounds respected in the planning and  
34 delivery of care.

35 (c) Must be educated about the coordinated care approach being used in the community  
36 and how to navigate the coordinated health care system.

37 (d) Must have access to competent advocates, including qualified peer wellness specialists  
38 where appropriate, personal health navigators, and qualified community health workers who  
39 are part of the member's care team to provide assistance that is culturally and linguistically  
40 appropriate to the member's need to access appropriate services and participate in processes  
41 affecting the member's care and services.

42 (e) Shall be encouraged within all aspects of the integrated and coordinated health care  
43 delivery system to use wellness and prevention resources and to make healthy lifestyle  
44 choices.

45 (f) Shall be encouraged to work with the member's care team, including providers and

1 community resources appropriate to the member's needs as a whole person.

2 (2) The authority shall establish and maintain an enrollment process for individuals who  
3 are dually eligible for Medicare and Medicaid that promotes continuity of care and that al-  
4 lows the member to disenroll from a coordinated care organization that fails to promptly  
5 provide adequate services and:

6 (a) To enroll in another coordinated care organization of the member's choice; or

7 (b) If another organization is not available, to receive Medicare-covered services on a  
8 fee-for-service basis.

9 (3) Members and their providers and coordinated care organizations have the right to  
10 appeal decisions about care and services through the authority in an expedited manner and  
11 in accordance with the contested case procedures in ORS chapter 183.

12 (4) A health care entity may not unreasonably refuse to contract with an organization  
13 seeking to form a coordinated care organization if the participation of the entity is necessary  
14 for the organization to qualify as a coordinated care organization. The authority shall de-  
15 velop a process for resolving disputes involving an entity's refusal to contract with a coor-  
16 dinated care organization and the process must include the use of an independent third party  
17 arbitrator. The process must be presented to the Legislative Assembly for approval in ac-  
18 cordance with section 13 of this 2011 Act.

19 (5) A health care entity that unreasonably refuses to contract with a coordinated care  
20 organization may not receive fee-for-service reimbursement from the authority for health  
21 services that are available through a coordinated care organization either directly or by  
22 contract.

23 (6) The authority shall:

24 (a) Monitor and enforce consumer rights and protections within the Oregon Integrated  
25 and Coordinated Health Care Delivery System and ensure a consistent response to com-  
26 plaints of violations of consumer rights or protections.

27 (b) Monitor and report on the statewide health care expenditures and recommend actions  
28 appropriate and necessary to contain the growth in health care costs incurred by all sectors  
29 of the system.

30 **SECTION 9.** Section 8 of this 2011 Act is amended to read:

31 **Sec. 8.** (1) The Oregon Health Authority shall adopt by rule safeguards for members enrolled  
32 in coordinated care organizations that protect against underutilization of services and inappropriate  
33 denials of services. In addition to any other consumer rights and responsibilities established by law,  
34 each member:

35 (a) Must be encouraged to be an active partner in directing the member's health care and ser-  
36 vices and not a passive recipient of care.

37 (b) And the member's family should receive timely, complete and accurate information in order  
38 to effectively participate in care and decision-making and to have consumer and family knowledge,  
39 values, beliefs and cultural backgrounds respected in the planning and delivery of care.

40 (c) Must be educated about the coordinated care approach being used in the community and how  
41 to navigate the coordinated health care system.

42 (d) Must have access to competent advocates, including qualified peer wellness specialists where  
43 appropriate, personal health navigators, and qualified community health workers who are part of the  
44 member's care team to provide assistance that is culturally and linguistically appropriate to the  
45 member's need to access appropriate services and participate in processes affecting the member's

1 care and services.

2 (e) Shall be encouraged within all aspects of the integrated and coordinated health care delivery  
3 system to use wellness and prevention resources and to make healthy lifestyle choices.

4 (f) Shall be encouraged to work with the member's care team, including providers and commu-  
5 nity resources appropriate to the member's needs as a whole person.

6 (2) The authority shall establish and maintain an enrollment process for individuals who are  
7 dually eligible for Medicare and Medicaid that promotes continuity of care and that allows the  
8 member to disenroll from a coordinated care organization that fails to promptly provide adequate  
9 services and:

10 (a) To enroll in another coordinated care organization of the member's choice; or

11 (b) If another organization is not available, to receive Medicare-covered services on a fee-for-  
12 service basis.

13 (3) Members and their providers and coordinated care organizations have the right to appeal  
14 decisions about care and services through the authority in an expedited manner and in accordance  
15 with the contested case procedures in ORS chapter 183.

16 (4) A health care entity may not unreasonably refuse to contract with an organization seeking  
17 to form a coordinated care organization if the participation of the entity is necessary for the or-  
18 ganization to qualify as a coordinated care organization. The authority shall [*develop a*] **maintain**  
19 **the process, approved by the Legislative Assembly**, for resolving disputes involving an entity's  
20 refusal to contract with a coordinated care organization and the process must include the use of an  
21 independent third party arbitrator. [*The process must be presented to the Legislative Assembly for*  
22 *approval in accordance with section 13 of this 2011 Act.*]

23 (5) A health care entity that unreasonably refuses to contract with a coordinated care organ-  
24 ization may not receive fee-for-service reimbursement from the authority for health services that are  
25 available through a coordinated care organization either directly or by contract.

26 (6) The authority shall:

27 (a) Monitor and enforce consumer rights and protections within the Oregon Integrated and Co-  
28 ordinated Health Care Delivery System and ensure a consistent response to complaints of violations  
29 of consumer rights or protections.

30 (b) Monitor and report on the statewide health care expenditures and recommend actions ap-  
31 propriate and necessary to contain the growth in health care costs incurred by all sectors of the  
32 system.

33 **SECTION 10. Quality measures.** (1) **The Oregon Health Authority through a public pro-**  
34 **cess shall identify objective outcome and quality measures and benchmarks, including**  
35 **measures of outcome and quality for ambulatory care, inpatient care, chemical dependency**  
36 **and mental health treatment, oral health care and all other health services provided by co-**  
37 **ordinated care organizations. The authority shall incorporate these measures into coordi-**  
38 **nated care organization contracts to hold the organizations accountable for performance and**  
39 **customer satisfaction requirements.**

40 (2) **The authority shall evaluate on a regular and ongoing basis key quality measures,**  
41 **including health status, experience of care and patient activation, along with key demo-**  
42 **graphic variables including race and ethnicity, for members in each coordinated care organ-**  
43 **ization and for members statewide.**

44 (3) **Quality measures identified by the authority under this section must be consistent**  
45 **with existing state and national quality measures. The authority shall utilize available data**



1 systems for reporting and take actions to eliminate any redundant reporting or reporting of  
2 limited value.

3 (4) The authority shall publish the information collected under this section at aggregate  
4 levels that do not disclose information otherwise protected by law. The information published  
5 must report, by coordinated care organization:

6 (a) Quality measures;

7 (b) Costs;

8 (c) Outcomes; and

9 (d) Other information necessary for the authority, members and the public to evaluate  
10 the value of health services delivered by a coordinated care organization.

11 **SECTION 11. Standards for new types of health care providers.** The Oregon Health Au-  
12 thority, in consultation with the appropriate health regulatory boards, shall adopt compe-  
13 tency and quality measures for community health workers, personal health navigators, peer  
14 wellness specialists and other health care workers that are not presently regulated or cer-  
15 tified by this state, subject to receipt of federal approvals if necessary.

16 **SECTION 12. Protected information.** (1) The Oregon Health Authority shall ensure the  
17 appropriate use of member information by coordinated care organizations, including the use  
18 of electronic health information and administrative data that is available when and where  
19 the data is needed to improve health and health care through a secure, confidential health  
20 information exchange.

21 (2) A member of a coordinated care organization must have access to the member's  
22 personal health information in the manner provided in 45 C.F.R. 164.524 so the member can  
23 share the information with others involved in the member's care and make better health  
24 care and lifestyle choices.

25 (3) Notwithstanding ORS 179.505, a coordinated care organization and its provider net-  
26 work shall use and disclose member information for purposes of service and care delivery,  
27 coordination, service planning, transitional services and reimbursement, in order to improve  
28 the safety and quality of care, lower the cost of care and improve the health and well-being  
29 of the organization's members.

30 (4) A coordinated care organization and its provider network shall use and disclose sen-  
31 sitive diagnosis information including HIV and other health and mental health diagnoses,  
32 within the coordinated care organization for the purpose of providing whole-person care.  
33 Individually identifiable health information must be treated as confidential and privileged  
34 information subject to ORS 192.518 to 192.529 and applicable federal privacy requirements.  
35 Redisclosure of individually identifiable information outside of the coordinated care organ-  
36 ization and the organization's providers for purposes unrelated to this section or the re-  
37 quirements of section 4, 5, 6, 7, 8 or 10 of this 2011 Act remains subject to any applicable  
38 federal or state privacy requirements.

39 (5) This section does not prohibit the disclosure of information between a coordinated  
40 care organization and the organization's provider network, and the Oregon Health Authority  
41 and the Department of Human Services for the purpose of administering the laws of Oregon.

42 (6) The Health Information Technology Oversight Council shall develop readily available  
43 informational materials that can be used by coordinated care organizations and providers to  
44 inform all participants in the health care workforce about the appropriate uses and limita-  
45 tions on disclosure of electronic health records, including need-based access and privacy

1 mandates.

2 **SECTION 13. Legislative approval.** (1) The speed and pace of the transition to the Oregon  
3 Integrated and Coordinated Health Care Delivery System will be determined by the avail-  
4 ability of coordinated care organizations throughout the state.

5 (2) The Oregon Health Authority shall develop:

6 (a) Qualification criteria for coordinated care organizations in accordance with section 4  
7 of this 2011 Act;

8 (b) A global budgeting process for determining payments to coordinated care organiza-  
9 tions; and

10 (c) A process for resolving a health care entity's refusal to contract with a coordinated  
11 care organization, as required by section 8 of this 2011 Act.

12 (3) The authority shall regularly report on the development of the criteria and processes  
13 described in subsection (2) of this section to the interim Joint Committee on Health Care  
14 Transformation or, if such committee has not been appointed, to another appropriate interim  
15 committee of the Legislative Assembly.

16 (4) The authority shall present the proposed criteria and processes to the Legislative  
17 Assembly for approval no later than February 1, 2012.

18 (5) Until the coordinated care organization qualification criteria and the global budgeting  
19 process are approved by the Legislative Assembly, the authority shall renew the contracts  
20 of prepaid managed care health services organizations, as defined in ORS 414.736, to provide  
21 health services.

22 **SECTION 14. Transitional provisions.** (1) Notwithstanding ORS 414.725 and 414.737, in any  
23 area of the state where a coordinated care organization has not been certified, the Oregon  
24 Health Authority shall continue to contract with one or more prepaid managed care health  
25 services organizations, as defined in ORS 414.736, that serve the area and that are in com-  
26 pliance with contractual obligations owed to the state or local government.

27 (2) Prepaid managed care health services organizations contracting with the authority  
28 under this section are subject to the applicable requirements for, and are permitted to ex-  
29 ercise the rights of, coordinated care organizations under sections 4, 6, 8, 10 and 12 of this  
30 2011 Act and ORS 414.153, 414.712, 414.725, 414.727, 414.728, 414.743, 414.746, 414.760, 416.510 to  
31 416.610, 441.094, 442.464, 655.515, 659.830 and 743.847.

32 (3) The authority may amend contracts that are in place on the effective date of this 2011  
33 Act to allow prepaid managed care health services organizations that meet the criteria ap-  
34 proved by the Legislative Assembly under section 13 of this 2011 Act to become coordinated  
35 care organizations.

36 (4) The authority shall continue to renew the contracts of prepaid managed care health  
37 services organizations that have a contract with the authority on the effective date of this  
38 2011 Act until the earlier of the date the prepaid managed care health services organization  
39 enters into a contract with a coordinated care organization or July 1, 2014. Contracts with  
40 prepaid managed care health services organizations must terminate no later than July 1,  
41 2014.

42 (5) The authority shall continue to renew contracts or ensure that counties renew con-  
43 tracts with providers of residential chemical dependency treatment until the provider enters  
44 into a contract with a coordinated care organization but no later than July 1, 2013.

45 (6) The authority shall:

1 (a) Retain an actuary to review the viability of a rural hospital, as defined in ORS 442.470,  
2 participating in the coordinated care service delivery model.

3 (b) Subject to the actuarial review required by paragraph (a) of this subsection, require  
4 coordinated care organizations to reimburse rural hospitals, as defined in ORS 442.470, in  
5 accordance with ORS 414.727 and 414.728 until the earlier of:

6 (A) The date that a contract between the hospital and a coordinated care organization  
7 goes into effect; or

8 (B) July 1, 2014.

9 (7) Notwithstanding sections 4 (7) and 6 (2) of this 2011 Act, the authority shall allow for  
10 a period of transition to the full adoption of health information technology by coordinated  
11 care organizations and patient centered primary care homes. The authority shall explore  
12 options for assisting providers and coordinated care organizations in funding their use of  
13 health information technology.

14 (8) The authority, in consultation with the Department of Consumer and Business Ser-  
15 vices, shall develop a proposal for consideration by the Legislative Assembly at its 2012 reg-  
16 ular session. The proposal shall recommend financial reporting requirements for coordinated  
17 care organizations to be implemented under ORS 414.725 (1)(c) to ensure against the  
18 organization's risk of insolvency. The proposal must include but need not be limited to rec-  
19 ommendations on:

20 (a) The filing of quarterly and annual audited statements of financial position, including  
21 reserves and retrospective cash flows, and the filing of quarterly and annual statements of  
22 projected cash flows;

23 (b) Guidance for a plain-language narrative explanation of the financial statements re-  
24 quired in paragraph (a) of this subsection;

25 (c) The filing by a coordinated care organization of a statement of whether the organ-  
26 ization or another entity, such as a state or local government agency or a reinsurer, will  
27 guarantee the organization's ultimate financial risk;

28 (d) The disclosure of a coordinated care organization's holdings of real property and its  
29 20 largest investment holdings, if any;

30 (e) The disclosure by category of administrative expenses related to the provision of  
31 services under the coordinated care organization's contract with the authority;

32 (f) The disclosure of the three highest executive salary and benefit packages of each co-  
33 ordinated care organization;

34 (g) The process by which the authority will evaluate or audit coordinated care organiza-  
35 tions for financial soundness and stability and estimate an organization's ability to accept  
36 financial risk under its contracts, which process may include the use of actuaries employed  
37 by or retained by the authority;

38 (h) A description of how the authority will make required statements and the final re-  
39 sults of evaluations and audits available to the public over the Internet at no cost to the  
40 public;

41 (i) A range of sanctions the authority may impose on a coordinated care organization  
42 deemed to be financially unsound and the process for determining sanctions; and

43 (j) Whether a new category of license should be created for coordinated care organiza-  
44 tions recognizing their unique role but avoiding duplicative requirements for organizations  
45 that are also licensed by the Department of Consumer and Business Services.

1       **SECTION 15. Cooperation of Oregon Health Authority and Department of Human Ser-**  
2 **vices.** (1) The Oregon Health Authority and the Department of Human Services shall coop-  
3 erate with each other by coordinating actions and responsibilities necessary to implement  
4 the Oregon Integrated and Coordinated Health Care Delivery System established in ORS  
5 414.620.

6       (2) The authority and the department may delegate to each other any duties, functions  
7 or powers that the authority or department are authorized to perform if necessary to carry  
8 out sections 4 to 8, 10 to 15 and 17 of this 2011 Act.

9       **SECTION 16. Health care cost containment.** (1) The Oregon Health Authority shall con-  
10 duct a study and develop recommendations for legislative and administrative remedies that  
11 will contain health care costs by reducing costs attributable to defensive medicine and the  
12 overutilization of health services and procedures, while protecting access to health care  
13 services for those in need and protecting their access to seek redress through the judicial  
14 system for harms caused by medical malpractice. The study and recommendations should  
15 address but are not limited to:

16       (a) An analysis of the cost of defensive medicine within the Oregon health care delivery  
17 system and its potential budget impact, and containment and savings that would result from  
18 recommended changes.

19       (b) Identification of costs within the health care delivery system, including costs to tax-  
20 payers and consumers related to care and utilization rates impacted by defensive medical  
21 procedures or medical malpractice concerns.

22       (c) Establishment of criteria for evaluation and reduced utilization of services and pro-  
23 cedures where the health of those served is not negatively impacted or necessarily improved.

24       (d) Identification and analysis of the benefits and impact of caps on medical liability in-  
25 surance premiums as well as the benefits and potential cost saving from the extension of  
26 coverage through the Oregon Tort Claims Act to those who serve or act as agents of the  
27 state.

28       (e) A path for a cap on damages for those acting on behalf of the state and serving in-  
29 dividuals who receive medical assistance or have medical coverage through other publicly  
30 funded programs.

31       (f) An examination of the possible clarifications and limitations on joint and several li-  
32 ability requirements for coordinated care organizations so that these organizations can as-  
33 sume the risk of their actions but are not liable for the actions of others within the  
34 coordinated care organization or its contracted services.

35       (2) The authority shall coordinate with the Department of Consumer and Business Ser-  
36 vices and other appropriate agencies, including nongovernmental agencies, in order to collect  
37 and analyze the data generated by the study and to make complete recommendations to the  
38 Legislative Assembly.

39       (3) The authority shall secure assistance and input from stakeholder organizations in an  
40 effort to secure the best information available relevant to the impacts on administrative  
41 costs resulting from litigation, as well as to identify cost containment or cost reduction  
42 mechanisms.

43       (4) The authority shall focus its efforts on the medical malpractice marketplace and  
44 coverage throughout Oregon and the impact of medical malpractice coverage on medical  
45 services and the resulting financial impacts, in order to provide complete information to the

1 Legislative Assembly as it studies the collective elements of health system transformation.

2 (5) The authority shall present the study and recommendations for addressing health  
3 care cost containment and cost reductions to the Legislative Assembly at the same time that  
4 the coordinated care organization qualification criteria and global budgeting process are  
5 presented to the Legislative Assembly for approval under section 13 of this 2011 Act.

6 **SECTION 17. Federal approvals.** (1) To promote the adoption of alternative payment  
7 methodologies and contracting with coordinated care organizations, the Oregon Health Au-  
8 thority shall apply to the Centers for Medicare and Medicaid Services or Center for Medicare  
9 and Medicaid Innovation for any approval necessary to obtain federal financial participation  
10 in the costs of activities described in sections 4 to 8, 10 to 15 and 17 of this 2011 Act. The  
11 authority may seek necessary federal approval, including but not limited to:

12 (a) Federal approval necessary to enroll in coordinated care organizations individuals who  
13 are dually eligible for Medicare and Medicaid and to implement the contracting procedures  
14 and blended reimbursement methods for coordinated care organizations that include mem-  
15 bers who are dually eligible for Medicare and Medicaid, as provided in sections 7 and 8 of this  
16 2011 Act. The authority may not seek approval to alter any of the rights or benefits of  
17 Medicare beneficiaries under Title XVIII of the Social Security Act other than as necessary  
18 to implement the provisions of sections 7 and 8 of this 2011 Act.

19 (b) Federal approval necessary to support the transition to and implementation of global  
20 and alternative payment systems and the formation and utilization of coordinated care or-  
21 ganizations in the medical assistance program.

22 (c) Federal approval necessary to permit the use and reimbursement of nontraditional  
23 personnel such as community health workers, personal health navigators and peer wellness  
24 specialists and to permit delivery of health services, supports and supplies that have not  
25 traditionally been delivered through the Medicaid program.

26 (2) The authority shall seek from the Office of the Inspector General in the United States  
27 Department of Health and Human Services, the following:

28 (a) A waiver of the provisions of, or expansion of the safe harbors to 42 U.S.C. 1320a-7b  
29 and implementing regulations or any other necessary authorization the authority determines  
30 may be necessary to permit certain shared risk and other risk sharing arrangements among  
31 coordinated care organizations and providers.

32 (b) A waiver of or exemption from the provisions of 42 U.S.C. 1395nn(a) to (e) and im-  
33 plementing regulations or other necessary authorization the authority determines may be  
34 necessary to permit physician referrals to other providers as needed to support the transi-  
35 tion to and implementation of global and alternative payment systems and formation of co-  
36 ordinated care organizations.

37 (3) The authority shall adopt rules and execute contracts with coordinated care organ-  
38 izations as soon as practicable following legislative approval of coordinated care organization  
39 qualification criteria and a global budgeting process and after receipt of the necessary federal  
40 approval. The authority may provide for implementation in stages.

41 **SECTION 18. Exemption from antitrust laws.** (1) The Legislative Assembly declares that  
42 collaboration among public payers, private health carriers, third party purchasers and pro-  
43 viders to identify appropriate service delivery systems and reimbursement methods to align  
44 incentives in support of integrated and coordinated health care delivery is in the best inter-  
45 est of the public. The Legislative Assembly therefore declares its intent to exempt from state

1 antitrust laws, and to provide immunity from federal antitrust laws through the state action  
2 doctrine, coordinated care organizations that might otherwise be constrained by such laws.  
3 The Legislative Assembly does not authorize any person or entity to engage in activities or  
4 to conspire to engage in activities that would constitute per se violations of state or federal  
5 antitrust laws including, but not limited to, agreements among competing health care pro-  
6 viders as to the prices of specific health services.

7 (2) The Director of the Oregon Health Authority or the director's designee may engage  
8 in appropriate state supervision necessary to promote state action immunity under state and  
9 federal antitrust laws, and may inspect or request additional documentation to verify that  
10 the Oregon Integrated and Coordinated Health Care Delivery System established under ORS  
11 414.620 is implemented in accordance with the legislative intent expressed in ORS 414.018.

12 (3) The Oregon Health Authority may convene groups that include, but are not limited  
13 to, health insurance companies, health care centers, hospitals, health service organizations,  
14 employers, health care providers, health care facilities, state and local governmental entities  
15 and consumers, to facilitate the development and establishment of the Oregon Integrated  
16 and Coordinated Health Care Delivery System and health care payment reforms. Any par-  
17 ticipation by such entities and individuals shall be on a voluntary basis.

18 (4) The authority may:

19 (a) Conduct a survey of the entities and individuals specified in subsection (3) of this  
20 section concerning payment and delivery reforms; and

21 (b) Convene meetings at a time and place that is convenient for the entities and individ-  
22 uals specified in subsection (3) of this section.

23 (5) The authority shall ensure that any survey or meeting under subsection (4) of this  
24 section does not solicit, share or discuss pricing information. Any such survey conducted or  
25 meeting held pursuant to this section is not a violation of state antitrust laws, and shall be  
26 considered state action for purposes of federal antitrust laws through the state action doc-  
27 trine.

28 **SECTION 19.** ORS 413.032 is amended to read:

29 413.032. **Duties of Oregon Health Authority.** (1) The Oregon Health Authority is established.  
30 The authority shall:

31 (a) Carry out policies adopted by the Oregon Health Policy Board;

32 [(b) *Develop a plan for the Oregon Health Insurance Exchange in accordance with section 17,*  
33 *chapter 595, Oregon Laws 2009;*]

34 (b) **Administer the Oregon Integrated and Coordinated Health Care Delivery System es-**  
35 **tablished in ORS 414.620;**

36 (c) Administer the Oregon Prescription Drug Program;

37 (d) Administer the Family Health Insurance Assistance Program;

38 (e) Provide regular reports to the board with respect to the performance of health services  
39 contractors serving recipients of medical assistance, including reports of trends in health services  
40 and enrollee satisfaction;

41 (f) Guide and support, with the authorization of the board, community-centered health initiatives  
42 designed to address critical risk factors, especially those that contribute to chronic disease;

43 (g) Be the state Medicaid agency for the administration of funds from Titles XIX and XXI of the  
44 Social Security Act and administer medical assistance under ORS chapter 414;

45 (h) In consultation with the Director of the Department of Consumer and Business Services,

1 periodically review and recommend standards and methodologies to the Legislative Assembly for:

2 (A) Review of administrative expenses of health insurers;

3 (B) Approval of rates; and

4 (C) Enforcement of rating rules adopted by the Department of Consumer and Business Services;

5 (i) Structure reimbursement rates for providers that serve recipients of medical assistance to  
6 reward comprehensive management of diseases, quality outcomes and the efficient use of resources  
7 and to promote cost-effective procedures, services and programs including, without limitation, pre-  
8 ventive health, dental and primary care services, web-based office visits, telephone consultations and  
9 telemedicine consultations;

10 (j) Guide and support community three-share agreements in which an employer, state or local  
11 government and an individual all contribute a portion of a premium for a community-centered health  
12 initiative or for insurance coverage; *[and]*

13 (k) Develop, in consultation with the Department of Consumer and Business Services and the  
14 Health Insurance Reform Advisory Committee, one or more products designed to provide more af-  
15 fordable options for the small group market; **and**

16 **(L) Implement policies and programs to expand the skilled, diverse workforce as de-**  
17 **scribed in ORS 414.018 (4).**

18 (2) The Oregon Health Authority is authorized to:

19 (a) Create an all-claims, all-payer database to collect health care data and monitor and evaluate  
20 health care reform in Oregon and to provide comparative cost and quality information to consumers,  
21 providers and purchasers of health care about Oregon's health care systems and health plan net-  
22 works in order to provide comparative information to consumers.

23 (b) Develop uniform contracting standards for the purchase of health care, including the fol-  
24 lowing:

25 (A) Uniform quality standards and performance measures;

26 (B) Evidence-based guidelines for major chronic disease management and health care services  
27 with unexplained variations in frequency or cost;

28 (C) Evidence-based effectiveness guidelines for select new technologies and medical equipment;  
29 and

30 (D) A statewide drug formulary that may be used by publicly funded health benefit plans.

31 *[(c) Submit directly to the Legislative Counsel, no later than October 1 of each even-numbered year,*  
32 *requests for measures necessary to provide statutory authorization to carry out any of the authority's*  
33 *duties or to implement any of the board's recommendations. The measures may be filed prior to the*  
34 *beginning of the legislative session in accordance with the rules of the House of Representatives and*  
35 *the Senate.]*

36 (3) The enumeration of duties, functions and powers in this section is not intended to be exclu-  
37 sive nor to limit the duties, functions and powers imposed on or vested in the Oregon Health Au-  
38 thority by ORS 413.006 to 413.064 or by other statutes.

39 **SECTION 20.** ORS 414.025, as amended by section 1, chapter 73, Oregon Laws 2010, is amended  
40 to read:

41 414.025. **Definitions.** As used in this chapter **and ORS chapter 413**, unless the context or a  
42 specially applicable statutory definition requires otherwise:

43 (1)(a) **"Alternative payment methodology" means a payment other than a fee-for-services**  
44 **payment, used by coordinated care organizations as compensation for the provision of inte-**  
45 **grated and coordinated health care and services.**

1       **(b) “Alternative payment methodology” includes, but is not limited to:**

2       **(A) Shared savings arrangements;**

3       **(B) Bundled payments; and**

4       **(C) Payments based on episodes.**

5       [(1)] **(2)** “Category of aid” means assistance provided by the Oregon Supplemental Income Pro-  
6 gram, aid granted under ORS 412.001 to 412.069 and 418.647 or federal Supplemental Security Income  
7 payments.

8       [(2)] **(3)** “Categorically needy” means, insofar as funds are available for the category, a person  
9 who is a resident of this state and who:

10       (a) Is receiving a category of aid.

11       (b) Would be eligible for a category of aid but is not receiving a category of aid.

12       (c) Is in a medical facility and, if the person left such facility, would be eligible for a category  
13 of aid.

14       (d) Is under the age of 21 years and would be a dependent child as defined in ORS 412.001 except  
15 for age and regular attendance in school or in a course of professional or technical training.

16       (e)(A) Is a caretaker relative, as defined in ORS 412.001, who cares for a child who would be a  
17 dependent child except for age and regular attendance in school or in a course of professional or  
18 technical training; or

19       (B) Is the spouse of the caretaker relative.

20       (f) Is under the age of 21 years and:

21       (A) Is in a foster family home or licensed child-caring agency or institution and is one for whom  
22 a public agency of this state is assuming financial responsibility, in whole or in part; or

23       (B) Is 18 years of age or older, is one for whom federal financial participation is available under  
24 Title XIX or XXI of the federal Social Security Act and who met the criteria in subparagraph (A)  
25 of this paragraph immediately prior to the person’s 18th birthday.

26       (g) Is a spouse of an individual receiving a category of aid and who is living with the recipient  
27 of a category of aid, whose needs and income are taken into account in determining the cash needs  
28 of the recipient of a category of aid, and who is determined by the Department of Human Services  
29 to be essential to the well-being of the recipient of a category of aid.

30       (h) Is a caretaker relative as defined in ORS 412.001 who cares for a dependent child receiving  
31 aid granted under ORS 412.001 to 412.069 and 418.647 or is the spouse of the caretaker relative.

32       (i) Is under the age of 21 years, is in a youth care center and is one for whom a public agency  
33 of this state is assuming financial responsibility, in whole or in part.

34       (j) Is under the age of 21 years and is in an intermediate care facility which includes institutions  
35 for persons with mental retardation.

36       (k) Is under the age of 22 years and is in a psychiatric hospital.

37       (L) Is under the age of 21 years and is in an independent living situation with all or part of the  
38 maintenance cost paid by the Department of Human Services.

39       (m) Is a member of a family that received aid in the preceding month under ORS 412.006 or  
40 412.014 and became ineligible for aid due to increased hours of or increased income from employ-  
41 ment. As long as the member of the family is employed, such families will continue to be eligible for  
42 medical assistance for a period of at least six calendar months beginning with the month in which  
43 such family became ineligible for assistance due to increased hours of employment or increased  
44 earnings.

45       (n) Is an adopted person under 21 years of age for whom a public agency is assuming financial



1 responsibility in whole or in part.

2 (o) Is an individual or is a member of a group who is required by federal law to be included in  
3 the state's medical assistance program in order for that program to qualify for federal funds.

4 (p) Is an individual or member of a group who, subject to the rules of the department, may op-  
5 tionally be included in the state's medical assistance program under federal law and regulations  
6 concerning the availability of federal funds for the expenses of that individual or group.

7 (q) Is a pregnant woman who would be eligible for aid granted under ORS 412.001 to 412.069 and  
8 418.647, whether or not the woman is eligible for cash assistance.

9 (r) Except as otherwise provided in this section, is a pregnant woman or child for whom federal  
10 financial participation is available under Title XIX or XXI of the federal Social Security Act.

11 (s) Is not otherwise categorically needy and is not eligible for care under Title XVIII of the  
12 federal Social Security Act or is not a full-time student in a post-secondary education program as  
13 defined by the Department of Human Services by rule, but whose family income is less than the  
14 federal poverty level and whose family investments and savings equal less than the investments and  
15 savings limit established by the department by rule.

16 (t) Would be eligible for a category of aid but for the receipt of qualified long term care insur-  
17 ance benefits under a policy or certificate issued on or after January 1, 2008. As used in this para-  
18 graph, "qualified long term care insurance" means a policy or certificate of insurance as defined in  
19 ORS 743.652 (6).

20 (u) Is eligible for the Health Care for All Oregon Children program established in ORS 414.231.

21 (v) **Is dually eligible for Medicare and Medicaid and receiving care through a coordinated  
22 care organization.**

23 **(4) "Community health worker" means an individual who:**

24 **(a) Has expertise or experience in public health;**

25 **(b) Works in an urban or rural community, either for pay or as a volunteer in association  
26 with a local health care system;**

27 **(c) To the extent practicable, shares ethnicity, language, socioeconomic status and life  
28 experiences with the residents that the worker serves;**

29 **(d) Assists members of the community to improve their health and increases the capacity  
30 of the community to meet the health care needs of its residents and achieve wellness;**

31 **(e) May provide culturally appropriate health education and information;**

32 **(f) May assist residents in receiving the care they need;**

33 **(g) May give peer counseling and guidance on health behaviors; and**

34 **(h) May provide direct services such as first aid or blood pressure screening.**

35 **(5) "Coordinated care organization" means an organization meeting criteria adopted by  
36 the Oregon Health Authority under section 4 of this 2011 Act.**

37 **(6) "Dually eligible for Medicare and Medicaid" means, with respect to eligibility for en-  
38 rollment in a coordinated care organization, that an individual is eligible for health services  
39 funded by Title XIX of the Social Security Act and is:**

40 **(a) Eligible for or enrolled in Part A of Title XVIII of the Social Security Act; or**

41 **(b) Enrolled in Part B of Title XVIII of the Social Security Act.**

42 **(7) "Global budget" means a total amount established prospectively by the Oregon Health  
43 Authority to be paid to a coordinated care organization for the delivery of, management of,  
44 access to and quality of the health care delivered to members of the coordinated care or-  
45 ganization.**

1 (8) “Health services” means at least so much of each of the following as are funded by  
2 the Legislative Assembly based upon the prioritized list of health services compiled by the  
3 Health Services Commission under ORS 414.720:

4 (a) Services required by federal law to be included in the state’s medical assistance pro-  
5 gram in order for the program to qualify for federal funds;

6 (b) Services provided by a physician as defined in ORS 677.010, a nurse practitioner cer-  
7 tified under ORS 678.375 or other licensed practitioner within the scope of the practitioner’s  
8 practice as defined by state law, and ambulance services;

9 (c) Prescription drugs;

10 (d) Laboratory and X-ray services;

11 (e) Medical equipment and supplies;

12 (f) Mental health services;

13 (g) Chemical dependency services;

14 (h) Emergency dental services;

15 (i) Nonemergency dental services;

16 (j) Provider services, other than services described in paragraphs (a) to (i), (k), (L) and  
17 (m) of this subsection, defined by federal law that may be included in the state’s medical  
18 assistance program;

19 (k) Emergency hospital services;

20 (L) Outpatient hospital services; and

21 (m) Inpatient hospital services.

22 [(3)] (9) “Income” has the meaning given that term in ORS 411.704.

23 [(4)] (10) “Investments and savings” means cash, securities as defined in ORS 59.015, negotiable  
24 instruments as defined in ORS 73.0104 and such similar investments or savings as the Department  
25 of Human Services may establish by rule that are available to the applicant or recipient to con-  
26 tribute toward meeting the needs of the applicant or recipient.

27 [(5)] (11) “Medical assistance” means so much of the [following] medical, **mental health, pre-**  
28 **ventive, supportive, palliative** and remedial care and services as may be prescribed by the Oregon  
29 Health Authority according to the standards established pursuant to ORS [413.032] **414.065**, includ-  
30 ing payments made for services provided under an insurance or other contractual arrangement and  
31 money paid directly to the recipient for the purchase of **health services and for services de-**  
32 **scribed in ORS 414.710.** [medical care:]

33 [(a) Inpatient hospital services, other than services in an institution for mental diseases;]

34 [(b) Outpatient hospital services;]

35 [(c) Other laboratory and X-ray services;]

36 [(d) Skilled nursing facility services, other than services in an institution for mental diseases;]

37 [(e) Physicians’ services, whether furnished in the office, the patient’s home, a hospital, a skilled  
38 nursing facility or elsewhere;]

39 [(f) Medical care, or any other type of remedial care recognized under state law, furnished by li-  
40 censed practitioners within the scope of their practice as defined by state law;]

41 [(g) Home health care services;]

42 [(h) Private duty nursing services;]

43 [(i) Clinic services;]

44 [(j) Dental services;]

45 [(k) Physical therapy and related services;]

1        *[(L) Prescribed drugs, including those dispensed and administered as provided under ORS chapter*  
2 *689;]*

3        *[(m) Dentures and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases*  
4 *of the eye or by an optometrist, whichever the individual may select;]*

5        *[(n) Other diagnostic, screening, preventive and rehabilitative services;]*

6        *[(o) Inpatient hospital services, skilled nursing facility services and intermediate care facility ser-*  
7 *vices for individuals 65 years of age or over in an institution for mental diseases;]*

8        *[(p) Any other medical care, and any other type of remedial care recognized under state law;]*

9        *[(q) Periodic screening and diagnosis of individuals under the age of 21 years to ascertain their*  
10 *physical or mental impairments, and such health care, treatment and other measures to correct or*  
11 *ameliorate impairments and chronic conditions discovered thereby;]*

12        *[(r) Inpatient hospital services for individuals under 22 years of age in an institution for mental*  
13 *diseases; and]*

14        *[(s) Hospice services.]*

15        **[(6) (12) “Medical assistance” includes any care or services for any individual who is a patient**  
16 **in a medical institution or any care or services for any individual who has attained 65 years of age**  
17 **or is under 22 years of age, and who is a patient in a private or public institution for mental dis-**  
18 **eases. [“Medical assistance” includes “health services” as defined in ORS 414.705.] “Medical assist-**  
19 **ance” does not include care or services for an inmate in a nonmedical public institution.**

20        **[(7) “Medically needy” means a person who is a resident of this state and who is considered eli-**  
21 **gible under federal law for medically needy assistance.]**

22        **(13) “Patient centered primary care home” means a health care team or clinic that is**  
23 **organized in accordance with the standards established by the Oregon Health Authority un-**  
24 **der section 6 of this 2011 Act and that incorporates the following core attributes:**

25        **(a) Access to care;**

26        **(b) Accountability to consumers and to the community;**

27        **(c) Comprehensive whole person care;**

28        **(d) Continuity of care;**

29        **(e) Coordination and integration of care; and**

30        **(f) Person and family centered care.**

31        **(14) “Peer wellness specialist” means an individual who is responsible for assessing**  
32 **mental health service and support needs of the individual’s peers through community out-**  
33 **reach, assisting individuals with access to available services and resources, addressing bar-**  
34 **riers to services and providing education and information about available resources and**  
35 **mental health issues in order to reduce stigmas and discrimination toward consumers of**  
36 **mental health services and to provide direct services to assist individuals in creating and**  
37 **maintaining recovery, health and wellness.**

38        **(15) “Person centered care” means care that:**

39        **(a) Reflects the individual patient’s strengths and preferences;**

40        **(b) Reflects the clinical needs of the patient as identified through an individualized as-**  
41 **essment;**

42        **(c) Is based upon the patient’s goals and will assist the patient in achieving the goals;**  
43 **and**

44        **(d) Prevents the provision of unnecessary or inappropriate care.**

45        **(16) “Personal health navigator” means an individual who provides information, assist-**

1 **ance, tools and support to enable a patient to make the best health care decisions in the**  
2 **patient’s particular circumstances and in light of the patient’s needs, lifestyle, combination**  
3 **of conditions and desired outcomes.**

4 (17) **“Quality measure” means the measures and benchmarks identified by the authority**  
5 **in accordance with section 10 of this 2011 Act.**

6 [(8)] (18) “Resources” has the meaning given that term in ORS 411.704. For eligibility purposes,  
7 “resources” does not include charitable contributions raised by a community to assist with medical  
8 expenses.

9 **SECTION 21.** ORS 414.033 is amended to read:

10 414.033. **Agreements with federal government regarding dually eligible individuals.** The  
11 Oregon Health Authority may:

12 (1) Subject to the allotment system provided for in ORS 291.234 to 291.260, expend such sums  
13 as are required to be expended in this state to provide medical assistance. Expenditures for medical  
14 assistance include, but are not limited to, expenditures for deductions, cost sharing, enrollment fees,  
15 premiums or similar charges imposed with respect to hospital insurance benefits or supplementary  
16 health insurance benefits, as established by federal law.

17 (2) Enter into agreements with, join with or accept grants from, the federal government for co-  
18 operative research and demonstration projects for public welfare purposes, including, but not limited  
19 to, any project [*which determines the cost of*] **for:**

20 (a) Providing medical assistance to [*the medically needy and evaluates*] **individuals who are**  
21 **dually eligible for Medicare and Medicaid using alternative payment methodologies or inte-**  
22 **grated and coordinated health care and services; or**

23 (b) **Evaluating** service delivery systems.

24 **SECTION 22.** ORS 414.065 is amended to read:

25 414.065. **Quality measures.** (1)(a) With respect to [*medical and remedial*] **health** care and ser-  
26 vices to be provided in medical assistance during any period, [*and within the limits of funds available*  
27 *therefor,*] the Oregon Health Authority shall determine, subject to such revisions as it may make  
28 from time to time and [*with respect to the “health services” defined in ORS 414.705,*] subject to leg-  
29 islative funding [*in response to the report of the Health Services Commission*] and paragraph (b) of this  
30 subsection:

31 (A) The types and extent of [*medical and remedial*] **health** care and services to be provided to  
32 each eligible group of recipients of medical assistance.

33 (B) Standards, **including outcome and quality measures,** to be observed in the provision of  
34 [*medical and remedial*] **health** care and services.

35 (C) The number of days of [*medical and remedial*] **health** care and services toward the cost of  
36 which public assistance funds will be expended in the care of any person.

37 (D) Reasonable fees, charges and daily rates **or alternative payment methodologies** to which  
38 public assistance funds will be applied toward meeting the costs of providing [*medical and*  
39 *remedial*] **health** care and services to an applicant or recipient.

40 (E) Reasonable fees for professional medical and dental services which may be based on usual  
41 and customary fees in the locality for similar services.

42 (F) The amount and application of any copayment or other similar cost-sharing payment that the  
43 authority may require a recipient to pay toward the cost of [*medical and remedial*] **health** care or  
44 services.

45 (b) [*Notwithstanding ORS 414.720 (8),*] The authority shall adopt rules establishing timelines for

1 payment of health services under paragraph (a) of this subsection.

2 (2) The types and extent of [*medical and remedial*] **health** care and services and the amounts to  
3 be paid in meeting the costs thereof, as determined and fixed by the authority and within the limits  
4 of funds available therefor, shall be the total available for medical assistance and payments for such  
5 medical assistance shall be the total amounts from public assistance funds available to providers of  
6 [*medical and remedial*] **health** care and services in meeting the costs thereof.

7 (3) Except for payments under a cost-sharing plan, payments made by the authority for medical  
8 assistance shall constitute payment in full for all [*medical and remedial*] **health** care and services  
9 for which such payments of medical assistance were made.

10 [(4) *Medical benefits, standards and limits established pursuant to subsection (1)(a)(A), (B) and (C)*  
11 *of this section for the eligible medically needy, except for persons receiving assistance under ORS*  
12 *411.706, may be less than but may not exceed medical benefits, standards and limits established for the*  
13 *eligible categorically needy, except that, in the case of a research and demonstration project entered into*  
14 *under ORS 411.135, medical benefits, standards and limits for the eligible medically needy may exceed*  
15 *those established for specific eligible groups of the categorically needy.*]

16 **SECTION 23.** ORS 410.604, as amended by section 8, chapter 100, Oregon Laws 2010, is  
17 amended to read:

18 410.604. **Home Care Commission.** (1) The Home Care Commission shall ensure the quality of  
19 home care services by:

20 (a) Establishing qualifications for home care workers with the advice and consent of the De-  
21 partment of Human Services;

22 (b) Providing training opportunities for home care workers and elderly persons and persons with  
23 disabilities who employ home care workers;

24 (c) Establishing and maintaining a registry of qualified home care workers;

25 (d) Providing routine, emergency and respite referrals of home care workers;

26 (e) Entering into contracts with public and private organizations and individuals for the purpose  
27 of obtaining or developing training materials and curriculum or other services as may be needed by  
28 the commission; and

29 (f) Working cooperatively with area agencies and state and local agencies to accomplish the  
30 duties listed in paragraphs (a) to (e) of this subsection.

31 (2)(a) The commission shall enter into an interagency agreement with the department to con-  
32 tract for a department employee to serve as executive director of the commission. The executive  
33 director shall be appointed by the Director of Human Services in consultation with the Governor  
34 and subject to approval by the commission, and shall serve at the pleasure of the Director of Human  
35 Services. The commission may delegate to the executive director the authority to act on behalf of  
36 the commission to carry out its duties and responsibilities, including but not limited to:

37 (A) Entering into contracts or agreements; and

38 (B) Taking reasonable or necessary actions related to the commission's role as employer of re-  
39 cord for home care workers under ORS 410.612.

40 (b) The commission shall enter into an interagency agreement with the department for carrying  
41 out any of the duties or functions of the commission, for department expenditures and for the pro-  
42 vision of staff support by the department.

43 (3) When conducting its activities, and in making decisions relating to those activities, the  
44 commission shall first consider the effect of its activities and decisions on:

45 (a) Improving the quality of service delivered by home care workers;

1 (b) Ensuring adequate hours of service are provided to elderly persons and persons with disa-  
2 bilities by home care workers; and

3 (c) Ensuring that services, activities and purchases that are purchased by elderly persons and  
4 persons with disabilities other than home care services, including adult support services, are not  
5 compromised or diminished.

6 (4) **The commission shall work with culturally diverse community-based organizations to**  
7 **recruit, train and certify community health workers and personal health navigators. The**  
8 **workers and navigators shall work as part of a multidisciplinary team under the direction**  
9 **of a licensed or certified health care professional. The commission shall recruit qualified**  
10 **home care workers who desire to be trained and certified as community health workers or**  
11 **personal health navigators.**

12 (5) **The commission shall refer community health workers and personal health navigators**  
13 **to coordinated care organizations and ensure that each coordinated care organization honor**  
14 **all of the terms and conditions of employment as established by the commission.**

15 [(4)] (6) The commission has the authority to contract for services, lease, acquire, hold, own,  
16 encumber, insure, sell, replace, deal in and with and dispose of real and personal property in its own  
17 name.

18 (7) **As used in this section, “community health worker” and “personal health navigator”**  
19 **have the meanings given those terms in ORS 414.025.**

20 **SECTION 24.** ORS 414.153 is amended to read:

21 414.153. **Partnering with county government.** In order to make advantageous use of the sys-  
22 tem of public health **care and** services available through county health departments and other  
23 publicly supported programs and to insure access to public health **care and** services through con-  
24 tract under ORS chapter 414, the state shall:

25 (1) Unless cause can be shown why such an agreement is not feasible, require and approve  
26 agreements between [*prepaid health plans*] **coordinated care organizations** and publicly funded  
27 providers for authorization of payment for point of contact services in the following categories:

- 28 (a) Immunizations;  
29 (b) Sexually transmitted diseases; and  
30 (c) Other communicable diseases;

31 (2) Allow enrollees in [*prepaid health plans*] **coordinated care organizations** to receive from  
32 fee-for-service providers:

- 33 (a) Family planning services;  
34 (b) Human immunodeficiency virus and acquired immune deficiency syndrome prevention ser-  
35 vices; and  
36 (c) Maternity case management if the Oregon Health Authority determines that a [*prepaid*  
37 *plan*] **coordinated care organization** cannot adequately provide the services;

38 (3) Encourage and approve agreements between [*prepaid health plans*] **coordinated care or-**  
39 **ganizations** and publicly funded providers for authorization of and payment for services in the fol-  
40 lowing categories:

- 41 (a) Maternity case management;  
42 (b) Well-child care;  
43 (c) Prenatal care;  
44 (d) School-based clinics;  
45 (e) Health **care and** services for children provided through schools and Head Start programs;

1 and

2 (f) Screening services to provide early detection of health care problems among low income  
3 women and children, migrant workers and other special population groups; and

4 *[(4) Recognize the social value of partnerships between county health departments and other pub-  
5 licly supported programs and other health providers, and take appropriate measures to involve publicly  
6 supported health care and service programs in the development and implementation of managed health  
7 care programs in their areas of responsibility.]*

8 **(4) Recognize the responsibility of counties under ORS 430.620 to operate community  
9 mental health programs by requiring a written agreement between each coordinated care  
10 organization and the local mental health authority in the area served by the coordinated care  
11 organization, unless cause can be shown why such an agreement is not feasible under crite-  
12 ria established by the Oregon Health Authority. The written agreements:**

13 **(a) May not limit the ability of coordinated care organizations to contract with other  
14 public or private providers for mental health or chemical dependency services;**

15 **(b) Must include agreed upon outcomes; and**

16 **(c) Must describe the authorization and payments necessary to maintain the mental  
17 health safety net system and to maintain the efficient and effective management of the fol-  
18 lowing responsibilities of local mental health authorities, with respect to the service needs  
19 of members of the coordinated care organization:**

20 **(A) Management of children and adults at risk of entering or who are transitioning from  
21 the Oregon State Hospital or from residential care;**

22 **(B) Care coordination of residential services and supports for adults and children;**

23 **(C) Management of the mental health crisis system;**

24 **(D) Management of community-based specialized services including but not limited to  
25 supported employment and education, early psychosis programs, assertive community treat-  
26 ment or other types of intensive case management programs and home-based services for  
27 children; and**

28 **(E) Management of specialized services to reduce recidivism of individuals with mental  
29 illness in the criminal justice system.**

30 **SECTION 25.** ORS 414.712 is amended to read:

31 414.712. **Ombudsman services.** The Oregon Health Authority shall provide medical assistance  
32 under ORS 414.705 to 414.750 to eligible persons who are determined eligible for medical assistance  
33 by the Department of Human Services according to ORS 411.706. The Oregon Health Authority shall  
34 also provide the following:

35 (1) Ombudsman services for *[eligible persons who receive assistance under]* **individuals who re-  
36 ceive medical assistance under ORS 411.706 and for recipients who are members of coordi-  
37 nated care organizations.** With the concurrence of the Governor and the Oregon Health Policy  
38 Board, the Director of the Oregon Health Authority shall appoint ombudsmen and may terminate  
39 an ombudsman. Ombudsmen are under the supervision and control of the director. An ombudsman  
40 shall serve as a *[patient's]* **recipient's** advocate whenever the *[patient]* **recipient** or a physician or  
41 other medical personnel serving the *[patient]* **recipient** is reasonably concerned about access to,  
42 quality of or limitations on the care being provided by a health care provider **or a coordinated care  
43 organization.** *[Patients]* **Recipients** shall be informed of the availability of an ombudsman.  
44 Ombudsmen shall report to the Governor and the Oregon Health Policy Board in writing at least  
45 once each quarter. A report shall include a summary of the services that the ombudsman provided

1 during the quarter and the ombudsman's recommendations for improving ombudsman services and  
 2 access to or quality of care provided to eligible persons by health care providers **and coordinated**  
 3 **care organizations.**

4 (2) Case management services in each health care provider organization **or coordinated care**  
 5 **organization** for those [*eligible persons*] **individuals** who receive assistance under ORS 411.706.  
 6 Case managers shall be trained in and shall exhibit skills in communication with and sensitivity to  
 7 the unique health care needs of [*people*] **individuals** who receive assistance under ORS 411.706.  
 8 Case managers shall be reasonably available to assist [*patients*] **recipients** served by the organiza-  
 9 tion with the coordination of the [*patient's*] **recipient's** health [*care*] services at the reasonable re-  
 10 quest of the [*patient*] **recipient** or a physician or other medical personnel serving the [*patient*]  
 11 **recipient.** [*Patients*] **Recipients** shall be informed of the availability of case managers.

12 (3) A mechanism, established by rule, for soliciting consumer opinions and concerns regarding  
 13 accessibility to and quality of the services of each health care provider.

14 (4) A choice of available medical plans and, within those plans, choice of a primary care pro-  
 15 vider.

16 (5) Due process procedures for any individual whose request for medical assistance coverage for  
 17 any treatment or service is denied or is not acted upon with reasonable promptness. These proce-  
 18 dures shall include an expedited process for cases in which a [*patient's*] **recipient's** medical needs  
 19 require swift resolution of a dispute. **An ombudsman described in subsection (1) of this section**  
 20 **may not act as the recipient's representative during any grievance or hearing process.**

21 **SECTION 26.** ORS 414.725 is amended to read:

22 414.725. **Contracts with coordinated care organizations.** [(1)(a) Pursuant to rules adopted by  
 23 the Oregon Health Authority, the authority shall execute prepaid managed care health services con-  
 24 tracts for health services funded by the Legislative Assembly. The contract must require that all ser-  
 25 vices are provided to the extent and scope of the Health Services Commission's report for each service  
 26 provided under the contract. The contracts are not subject to ORS chapters 279A and 279B, except  
 27 ORS 279A.250 to 279A.290 and 279B.235. Notwithstanding ORS 414.720 (8), the rules adopted by the  
 28 authority shall establish timelines for executing the contracts described in this paragraph.]

29 [(b)] (1)(a) [It is the intent of ORS 414.705 to 414.750 that the state] **The Oregon Health Au-**  
 30 **thority shall** use, to the greatest extent possible, [*prepaid managed care health services*] **coordi-**  
 31 **nated care** organizations to provide **fully integrated** physical [*health, dental, mental health and*  
 32 *chemical dependency services under ORS 414.705 to 414.750*] **health services, chemical dependency**  
 33 **and mental health services and oral health services.** **However, the authority may not con-**  
 34 **tract with coordinated care organizations for the delivery of Medicaid-funded long term care**  
 35 **services.**

36 [(c)] (b) The authority shall [*solicit qualified providers or plans to be reimbursed for providing the*  
 37 *covered services. The contracts may be with hospitals and medical organizations, health maintenance*  
 38 *organizations, managed health care plans and any other qualified public or private prepaid managed*  
 39 *care health services organization. The authority may not discriminate against any contractors that offer*  
 40 *services within their providers' lawful scopes of practice.*] **execute contracts with coordinated care**  
 41 **organizations that meet the criteria adopted by the authority under section 4 of this 2011**  
 42 **Act. Contracts under this subsection are not subject to ORS chapters 279A and 279B, except**  
 43 **ORS 279A.250 to 279A.290 and 279B.235.**

44 [(d)] (c) The authority shall establish [*annual*] financial reporting requirements for [*prepaid*  
 45 *managed care health services*] **coordinated care** organizations. The authority shall prescribe a re-



1 porting procedure that elicits sufficiently detailed information for the authority to assess the finan-  
 2 cial condition of each [*prepaid managed care health services*] **coordinated care** organization and  
 3 that:

4 **(A) Enables the authority to verify that the coordinated care organization's reserves and**  
 5 **other financial resources are adequate to ensure against the risk of insolvency; and**

6 **(B)** Includes information on the three highest executive salary and benefit packages of each  
 7 [*prepaid managed care health services*] **coordinated care** organization.

8 **(d) The authority shall hold coordinated care organizations, contractors and providers**  
 9 **accountable for timely submission of outcome and quality data, including but not limited to**  
 10 **data described in ORS 442.466, prescribed by the authority by rule.**

11 (e) The authority shall require compliance with the provisions of [*paragraph (d)*] **paragraphs**  
 12 **(c) and (d)** of this subsection as a condition of entering into a contract with a [*prepaid managed care*  
 13 *health services*] **coordinated care** organization. **A coordinated care organization, contractor or**  
 14 **provider that fails to comply with paragraph (c) or (d) of this subsection may be subject to**  
 15 **sanctions, including but not limited to civil penalties, barring any new enrollment in the co-**  
 16 **ordinated care organization and termination of the contract.**

17 (f)(A) The authority shall adopt rules and procedures to ensure that **if** a rural health clinic  
 18 [*that*] provides a health service to [*an enrollee of a prepaid managed care health services*] **a member**  
 19 **of a coordinated care organization, and the rural health clinic is not participating in the**  
 20 **member's coordinated care** organization, **the rural health clinic** receives total aggregate pay-  
 21 ments from the **member's coordinated care** organization, other payers on the claim and the au-  
 22 thority that are no less than the amount the rural health clinic would receive in the authority's  
 23 fee-for-service payment system. The authority shall issue a payment to the rural health clinic in  
 24 accordance with this subsection within 45 days of receipt by the authority of a completed billing  
 25 form.

26 (B) "Rural health clinic," as used in this paragraph, shall be defined by the authority by rule  
 27 and shall conform, as far as practicable or applicable in this state, to the definition of that term in  
 28 42 U.S.C. 1395x(aa)(2).

29 (2) The authority may [*institute a fee-for-service case management system or a fee-for-service pay-*  
 30 *ment system for the same physical health, dental, mental health or chemical dependency services pro-*  
 31 *vided under the health services contracts for persons eligible for health services under ORS 414.705 to*  
 32 *414.750 in designated areas of the state in which a prepaid managed care health services organization*  
 33 *is not able to assign an enrollee to a person or entity that is primarily responsible for coordinating the*  
 34 *physical health, dental, mental health or chemical dependency services provided to the enrollee. In ad-*  
 35 *dition, the authority may make other special arrangements as necessary to increase the interest of*  
 36 *providers in participation in the state's managed care system, including but not limited to the provision*  
 37 *of stop-loss insurance for providers wishing to limit the amount of risk they wish to underwrite*] **con-**  
 38 **tract with providers other than coordinated care organizations to provide integrated and**  
 39 **coordinated health care in areas that are not served by a coordinated care organization or**  
 40 **where the organization's provider network is inadequate. Contracts authorized by this sub-**  
 41 **section are not subject to ORS chapters 279A and 279B, except ORS 279A.250 to 279A.290 and**  
 42 **279B.235.**

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

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

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

10 (6) A [prepaid managed care health services] **coordinated care** organization shall provide infor-  
11 mation [on contacting available providers to an enrollee in writing within 30 days of assignment to the  
12 health services organization.] **to a member as prescribed by the authority by rule, including but**  
13 **not limited to written information, within 30 days of enrollment with the coordinated care**  
14 **organization about available providers.**

15 (7) **Each coordinated care organization shall work to provide assistance that is culturally**  
16 **and linguistically appropriate to the needs of the member to access appropriate services and**  
17 **participate in processes affecting the member's care and services.**

18 [(7)] (8) Each [prepaid managed care health services] **coordinated care** organization shall provide  
19 upon the request of [an enrollee] **a member** or prospective [enrollee] **a member** annual summaries  
20 of the organization's aggregate data regarding:

21 (a) Grievances and appeals; and

22 (b) Availability and accessibility of services provided to [enrollees] **members.**

23 [(8)] (9) A [prepaid managed care health services] **coordinated care** organization may not limit  
24 enrollment in a [designated] **geographic** area based on the zip code of [an enrollee] **a member** or  
25 prospective [enrollee] **member.**

26 **SECTION 27.** ORS 414.737 is amended to read:

27 414.737. **Mandatory enrollment in coordinated care organization; exemptions.** (1) Except  
28 as provided in subsections (2) [and (3)], (3) and (4) of this section and section 7 (2) of this 2011  
29 **Act**, a person who is eligible for or receiving [physical health, dental, mental health or chemical de-  
30 pendency] **health** services [under ORS 414.705 to 414.750] **other than Medicaid-funded long term**  
31 **care services** must be enrolled in [the prepaid managed care health services organizations] **a coor-**  
32 **ordinated care organization** to receive the health services for which the person is eligible.

33 (2) Subsection (1) of this section does not apply to:

34 (a) A person who is a noncitizen and who is eligible only for labor and delivery services and  
35 emergency treatment services;

36 (b) A person who is an American Indian and Alaskan Native beneficiary; and

37 (c) A person whom the Oregon Health Authority may by rule exempt from the mandatory en-  
38 rollment requirement of subsection (1) of this section, including but not limited to:

39 (A) A person who is also eligible for Medicare;

40 (B) A woman in her third trimester of pregnancy at the time of enrollment;

41 (C) A person under 19 years of age who has been placed in adoptive or foster care out of state;

42 (D) A person under 18 years of age who is medically fragile and who has special health care  
43 needs; and

44 (E) A person with major medical coverage.

45 (3) Subsection (1) of this section does not apply to a person who resides in [a designated area

1 *in which a prepaid managed care health services organization providing physical health, dental, mental*  
2 *health or chemical dependency services is not able to assign an enrollee to a person or entity that is*  
3 *primarily responsible for coordinating the physical health, dental, mental health or chemical depend-*  
4 *ency services provided to the enrollee] an area that is not served by a coordinated care organ-*  
5 **ization or where the organization’s provider network is inadequate.**

6 **(4) In any area that is not served by a coordinated care organization but is served by a**  
7 **prepaid managed care health services organization, a person must enroll with the prepaid**  
8 **managed care health services organization to receive any of the health services offered by**  
9 **the prepaid managed care health services organization.**

10 [(4)] (5) As used in this section, “American Indian and Alaskan Native beneficiary” means:

11 (a) A member of a federally recognized Indian tribe[, *band or group*];

12 [(b) *An Eskimo or Aleut or other Alaskan Native enrolled by the United States Secretary of the*  
13 *Interior pursuant to the Alaska Native Claims Settlement Act, 43 U.S.C. 1601; or*];

14 **(b) An individual who resides in an urban center and:**

15 **(A) Is a member of a tribe, band or other organized group of Indians, including those**  
16 **tribes, bands or groups whose recognition was terminated since 1940 and those recognized**  
17 **now or in the future by the state in which the member resides, or who is a descendant in**  
18 **the first or second degree of such a member;**

19 **(B) Is an Eskimo or Aleut or other Alaskan Native; or**

20 **(C) Is determined to be an Indian under regulations promulgated by the United States**  
21 **Secretary of the Interior;**

22 (c) A person who is considered by the United States Secretary of the Interior to be an Indian  
23 for any purpose; **or**

24 **(d) An individual who is considered by the United States Secretary of Health and Human**  
25 **Services to be an Indian for purposes of eligibility for Indian health care services, including**  
26 **as a California Indian, Eskimo, Aleut or other Alaskan Native.**

27 **SECTION 28.** ORS 414.737, as amended by section 8, chapter 751, Oregon Laws 2007, and sec-  
28 tion 331, chapter 595, Oregon Laws 2009, is amended to read:

29 414.737. **Required enrollment in coordinated care organization.** (1) Except as provided in  
30 subsections (2) [*and (3)*], **(3) and (4) of this section and section 7 (2) of this 2011 Act**, a person  
31 who is eligible for or receiving [*physical health, dental, mental health or chemical dependency*] **health**  
32 **services [under ORS 414.705 to 414.750] other than Medicaid-funded long term care services**  
33 **must be enrolled in [the prepaid managed care health services organizations] a coordinated care**  
34 **organization to receive the health services for which the person is eligible.**

35 (2) Subsection (1) of this section does not apply to:

36 (a) A person who is a noncitizen and who is eligible only for labor and delivery services and  
37 emergency treatment services;

38 (b) A person who is an American Indian and Alaskan Native beneficiary; and

39 (c) A person whom the Oregon Health Authority may by rule exempt from the mandatory en-  
40 rollment requirement of subsection (1) of this section, including but not limited to:

41 (A) A person who is also eligible for Medicare;

42 (B) A woman in her third trimester of pregnancy at the time of enrollment;

43 (C) A person under 19 years of age who has been placed in adoptive or foster care out of state;

44 (D) A person under 18 years of age who is medically fragile and who has special health care  
45 needs;

1 (E) A person receiving services under the Medically Involved Home-Care Program created by  
2 ORS 417.345 (1); and

3 (F) A person with major medical coverage.

4 (3) Subsection (1) of this section does not apply to a person who resides in [*a designated area*  
5 *in which a prepaid managed care health services organization providing physical health, dental, mental*  
6 *health or chemical dependency services is not able to assign an enrollee to a person or entity that is*  
7 *primarily responsible for coordinating the physical health, dental, mental health or chemical depend-*  
8 *ency services provided to the enrollee]* **an area that is not served by a coordinated care organ-**  
9 **ization or where the organization’s provider network is inadequate.**

10 (4) **In any area that is not served by a coordinated care organization but is served by a**  
11 **prepaid managed care health services organization, a person must enroll with the prepaid**  
12 **managed care health services organization to receive any of the health services offered by**  
13 **the prepaid managed care health services organization.**

14 [(4)] (5) As used in this section, “American Indian and Alaskan Native beneficiary” means:

15 (a) A member of a federally recognized Indian tribe[, *band or group*];

16 [(b) *An Eskimo or Aleut or other Alaskan Native enrolled by the United States Secretary of the*  
17 *Interior pursuant to the Alaska Native Claims Settlement Act, 43 U.S.C. 1601; or*];

18 (b) **An individual who resides in an urban center and:**

19 (A) **Is a member of a tribe, band or other organized group of Indians, including those**  
20 **tribes, bands or groups whose recognition was terminated since 1940 and those recognized**  
21 **now or in the future by the state in which the member resides, or who is a descendant in**  
22 **the first or second degree of such a member;**

23 (B) **Is an Eskimo or Aleut or other Alaskan Native; or**

24 (C) **Is determined to be an Indian under regulations promulgated by the United States**  
25 **Secretary of the Interior;**

26 (c) A person who is considered by the United States Secretary of the Interior to be an Indian  
27 for any purpose; or

28 (d) **An individual who is considered by the United States Secretary of Health and Human**  
29 **Services to be an Indian for purposes of eligibility for Indian health care services, including**  
30 **as a California Indian, Eskimo, Aleut or other Alaskan Native.**

31 **SECTION 29.** ORS 414.760 is amended to read:

32 414.760. **Requirement to offer patient centered primary care home delivery model.** (1) [*As*  
33 *funds are available,*] The Oregon Health Authority [*may*] **shall** provide reimbursement in the state’s  
34 medical assistance program for services provided by patient centered primary care homes. If prac-  
35 ticable, efforts to align financial incentives to support patient centered primary care homes for  
36 enrollees in medical assistance programs should be aligned with efforts of the learning collaborative  
37 described in ORS 442.210 (3)[*(d)*].

38 (2) **The authority shall require each coordinated care organization, to the extent practi-**  
39 **cable, to offer patient centered primary care homes that meet the standards established in**  
40 **section 6 of this 2011 Act.**

41 [(2)] (3) The authority may reimburse patient centered primary care homes for interpretive ser-  
42 vices provided to people in the state’s medical assistance programs if interpretive services qualify  
43 for federal financial participation.

44 [(3)] (4) The authority shall require patient centered primary care homes receiving these re-  
45 imbursements to report on quality measures described in ORS 442.210 (1)(c).

1       **SECTION 30.** ORS 442.468 is amended to read:

2       442.468. **Workforce data collection.** (1) **Using data collected from all health care profes-**  
3 **sional licensing boards, including but not limited to boards that license or certify chemical**  
4 **dependency and mental health treatment providers and other sources,** the Office for Oregon  
5 Health Policy and Research shall create and maintain a healthcare workforce database that will  
6 provide information upon request to state agencies and to the Legislative Assembly about Oregon's  
7 healthcare workforce, including:

8       (a) Demographics, including race and ethnicity.

9       (b) Practice status.

10      (c) Education and training background.

11      (d) Population growth.

12      (e) Economic indicators.

13      (f) Incentives to attract qualified individuals, especially those from underrepresented minority  
14 groups, to healthcare education.

15      (2) The Administrator for the Office for Oregon Health Policy and Research may contract with  
16 a private or public entity to establish and maintain the database and to analyze the data. The office  
17 is not subject to the requirements of ORS chapters 279A, 279B and 279C with respect to the con-  
18 tract.

19       **SECTION 31.** Section 1, chapter 867, Oregon Laws 2009, as amended by section 46, chapter 828,  
20 Oregon Laws 2009, and section 2, chapter 73, Oregon Laws 2010, is amended to read:

21       **Sec. 1. Health System Fund.** (1) The Health System Fund is established in the State Treasury,  
22 separate and distinct from the General Fund. Interest earned by the Health System Fund shall be  
23 credited to the fund.

24      (2) Amounts in the Health System Fund are continuously appropriated to the Oregon Health  
25 Authority for the purpose of funding the Health Care for All Oregon Children program established  
26 in ORS 414.231, health services described in ORS [414.705 (1)(a)] **414.025 (8)(a)** to (j) and other  
27 health services. Moneys in the fund may also be used by the authority to:

28      (a) Provide grants to community health centers and safety net clinics under ORS 413.225.

29      (b) Pay refunds due under section 41, chapter 736, Oregon Laws 2003, and under section 11,  
30 chapter 867, Oregon Laws 2009.

31      (c) Pay administrative costs incurred by the authority to administer the assessment in section  
32 9, chapter 867, Oregon Laws 2009.

33      (d) Provide health services described in ORS [414.705] **414.025 (8)** to individuals described in  
34 ORS 414.025 [(2)(f)(B)] **(3)(f)(B)**.

35      (3) The authority shall develop a system for reimbursement by the authority to the Office of  
36 Private Health Partnerships out of the Health System Fund for costs associated with administering  
37 the private health option pursuant to ORS 414.826.

38       **SECTION 32.** Section 9, chapter 867, Oregon Laws 2009, as amended by section 47, chapter 828,  
39 Oregon Laws 2009, is amended to read:

40       **Sec. 9.** (1) As used in this section: [ *“Medicaid managed care organization” means the following*  
41 *entities defined in or referred to in ORS 414.736:*]

42       [(a) *A fully capitated health plan.*]

43       [(b) *A physician care organization.*]

44       [(c) *A mental health organization.*]

45       **(a) “Coordinated care organization” means an organization that meets the criteria**

1 **adopted by the Oregon Health Authority under section 4 of this 2011 Act.**

2 (b) **“Medicaid managed care organization” means a prepaid managed care health services**  
3 **organization or a coordinated care organization.**

4 (c) **“Prepaid managed care health services organization” has the meaning given that term**  
5 **in ORS 414.736.**

6 (2) No later than 45 days following the end of a calendar quarter, a Medicaid managed care  
7 organization shall pay an assessment at a rate of one percent of the gross amount of [*capitation*]  
8 payments received by the Medicaid managed care organization **from the authority** during that  
9 calendar quarter for providing coverage of health services under ORS 414.705 to 414.750.

10 (3) The assessment shall be paid to the [*Oregon Health*] authority in a manner and form pre-  
11 scribed by the authority.

12 (4) Assessments received by the authority under this section shall be deposited in the Health  
13 System Fund established in section 1, chapter 867, Oregon Laws 2009.

14 (5) The assessment imposed under this section is in addition to and not in lieu of any tax, sur-  
15 charge or other assessment imposed on a Medicaid managed care organization.

16  
17 **CONFORMING AMENDMENTS**

18  
19 **SECTION 33.** ORS 192.493 is amended to read:

20 192.493. A record of an agency of the executive department as defined in ORS 174.112 that  
21 contains the following information is a public record subject to inspection under ORS 192.420 and  
22 is not exempt from disclosure under ORS 192.501 or 192.502 except to the extent that the record  
23 discloses information about an individual’s health or is proprietary to a person:

24 (1) The amounts determined by an independent actuary retained by the agency to cover the  
25 costs of providing each of the following health services under ORS 414.705 to 414.750 for the six  
26 months preceding the report:

- 27 (a) Inpatient hospital services;
- 28 (b) Outpatient hospital services;
- 29 (c) Laboratory and X-ray services;
- 30 (d) Physician and other licensed practitioner services;
- 31 (e) Prescription drugs;
- 32 (f) Dental services;
- 33 (g) Vision services;
- 34 (h) Mental health services;
- 35 (i) Chemical dependency services;
- 36 (j) Durable medical equipment and supplies; and
- 37 (k) Other health services provided under a [*prepaid managed care health services*] **coordinated**

38 **care organization** contract under ORS 414.725 **or a contract with a prepaid managed care**  
39 **health services organization, as defined in ORS 414.736;**

40 (2) The amounts the agency and each contractor have paid under each [*prepaid managed care*  
41 *health services*] **coordinated care organization** contract under ORS 414.725 **or prepaid managed**  
42 **care health services organization contract** for administrative costs and the provision of each of  
43 the health services described in subsection (1) of this section for the six months preceding the re-  
44 port;

45 (3) Any adjustments made to the amounts reported under this section to account for geographic

1 or other differences in providing the health services; and

2 (4) The numbers of individuals served under each [*prepaid managed care health services*] **coor-**  
3 **dinated care organization contract or prepaid managed care health services organization**  
4 **contract**, listed by category of individual.

5 **SECTION 34.** ORS 411.404 is amended to read:

6 411.404. (1) The Department of Human Services shall determine eligibility for medical assistance  
7 according to criteria prescribed by rule, taking into account:

8 (a) The requirements and needs of the applicant and of the spouse and dependents of the appli-  
9 cant;

10 (b) The income, resources and maintenance available to the applicant; and

11 (c) The responsibility of the spouse of the applicant and, with respect to an applicant who is  
12 blind or is permanently and totally disabled or is under 21 years of age, the responsibility of the  
13 parents.

14 (2) Rules adopted by the department under subsection (1) of this section:

15 (a) Shall disregard resources for those who are eligible for medical assistance only by reason  
16 of ORS 414.025 [(2)(s)] **(3)(s)**, except for the resources described in ORS 414.025 [(2)(s)] **(3)(s)**.

17 (b) May disregard income and resources within the limits required or permitted by federal law,  
18 regulations or orders.

19 (3) The department may not require any needy person over 65 years of age, as a condition of  
20 entering or remaining in a hospital, nursing home or other congregate care facility, to sell any real  
21 property normally used as such person's home. Any rule of the department inconsistent with this  
22 section is to that extent invalid.

23 **SECTION 35.** ORS 411.708 is amended to read:

24 411.708. (1) The amount of any assistance paid under ORS 411.706 is a claim against the property  
25 or interest in the property belonging to and a part of the estate of any deceased recipient. If the  
26 deceased recipient has no estate, the estate of the surviving spouse of the deceased recipient, if any,  
27 shall be charged for assistance granted under ORS 411.706 to the deceased recipient or the surviving  
28 spouse. There shall be no adjustment or recovery of assistance correctly paid on behalf of any de-  
29 ceased recipient under ORS 411.706 except after the death of the surviving spouse of the deceased  
30 recipient, if any, and only at a time when the deceased recipient has no surviving child who is under  
31 21 years of age or who is blind or has a disability. Transfers of real or personal property by re-  
32 cipients of assistance without adequate consideration are voidable and may be set aside under ORS  
33 411.620 (2).

34 (2) Except when there is a surviving spouse, or a surviving child who is under 21 years of age  
35 or who is blind or has a disability, the amount of any assistance paid under ORS 411.706 is a claim  
36 against the estate in any conservatorship proceedings and may be paid pursuant to ORS 125.495.

37 (3) A claim under this section shall exclude benefits paid to or on behalf of a beneficiary under  
38 a policy of qualified long term care insurance, as defined in ORS 414.025 [(2)(t)] **(3)(t)**.

39 (4) Nothing in this section authorizes the recovery of the amount of any assistance from the  
40 estate or surviving spouse of a recipient to the extent that the need for assistance resulted from a  
41 crime committed against the recipient.

42 **SECTION 36.** ORS 414.115 is amended to read:

43 414.115. (1) In lieu of providing one or more of the [*medical and remedial*] **health** care and ser-  
44 vices available under medical assistance by direct payments to providers thereof and in lieu of  
45 providing such medical and remedial care and services made available pursuant to ORS 414.065, the

1 Oregon Health Authority shall use available medical assistance funds to purchase and pay premiums  
2 on policies of insurance, or enter into and pay the expenses on health care service contracts, or  
3 medical or hospital service contracts that provide one or more of the medical and remedial care and  
4 services available under medical assistance for the benefit of the categorically needy.  
5 Notwithstanding other specific provisions, the use of available medical assistance funds to purchase  
6 medical or remedial care and services may provide the following insurance or contract options:

7 (a) Differing services or levels of service among groups of eligibles as defined by rules of the  
8 authority; and

9 (b) Services and reimbursement for these services may vary among contracts and need not be  
10 uniform.

11 (2) The policy of insurance or the contract by its terms, or the insurer or contractor by written  
12 acknowledgment to the authority must guarantee:

13 (a) To provide medical and remedial care and services of the type, within the extent and ac-  
14 cording to standards prescribed under ORS 414.065;

15 (b) To pay providers of medical and remedial care and services the amount due, based on the  
16 number of days of care and the fees, charges and costs established under ORS 414.065, except as to  
17 medical or hospital service contracts which employ a method of accounting or payment on other  
18 than a fee-for-service basis;

19 (c) To provide medical and remedial care and services under policies of insurance or contracts  
20 in compliance with all laws, rules and regulations applicable thereto; and

21 (d) To provide such statistical data, records and reports relating to the provision, administration  
22 and costs of providing medical and remedial care and services to the authority as may be required  
23 by the authority for its records, reports and audits.

24 **SECTION 37.** ORS 414.211 is amended to read:

25 414.211. (1) There is established a Medicaid Advisory Committee consisting of not more than 15  
26 members appointed by the Governor.

27 (2) The committee shall be composed of:

28 (a) A physician licensed under ORS chapter 677;

29 (b) Two members of health care consumer groups that include Medicaid recipients;

30 (c) Two Medicaid recipients, one of whom shall be a person with a disability;

31 (d) The Director of the Oregon Health Authority or designee;

32 (e) Health care providers;

33 (f) Persons associated with health care organizations, including but not limited to [*managed care*  
34 *plans*] **coordinated care organizations** under contract to the Medicaid program; and

35 (g) Members of the general public.

36 (3) In making appointments, the Governor shall consult with appropriate professional and other  
37 interested organizations. All members appointed to the committee shall be familiar with the medical  
38 needs of low income persons.

39 (4) The term of office for each member shall be two years, but each member shall serve at the  
40 pleasure of the Governor.

41 (5) Members of the committee shall receive no compensation for their services but, subject to  
42 any applicable state law, shall be allowed actual and necessary travel expenses incurred in the  
43 performance of their duties from the Oregon Health Authority Fund.

44 **SECTION 38.** ORS 414.229 is amended to read:

45 414.229. (1) There is established in the Oregon Health Authority the Office for Oregon Health



1 Policy and Research Advisory Committee composed of members appointed by the Governor. Mem-  
2 bers shall include:

3 (a) Representatives of *[managed care health services]* **coordinated care** organizations under  
4 contract with the Oregon Health Authority pursuant to ORS 414.725 and serving primarily rural  
5 areas of the state;

6 (b) Representatives of *[managed care health services]* **coordinated care** organizations under  
7 contract with the Oregon Health Authority pursuant to ORS 414.725 and serving primarily urban  
8 areas of the state;

9 (c) Representatives of medical organizations representing health care providers under contract  
10 with *[managed care health services]* **coordinated care** organizations pursuant to ORS 414.725 who  
11 serve patients in both rural and urban areas of the state; *[and]*

12 (d) One representative from Type A hospitals and one representative from Type B hospitals; **and**

13 **(e) Representatives of health care organizations serving areas of this state that are not**  
14 **served by coordinated care organizations.**

15 (2) Members of the advisory committee shall not be entitled to compensation or per diem.

16 **SECTION 39.** ORS 414.428 is amended to read:

17 414.428. (1) An individual described in ORS 414.025 [(2)(s)] **(3)(s)** who is eligible for or receiving  
18 medical assistance and who is an American Indian and Alaskan Native beneficiary shall receive the  
19 benefit package of health *[care]* services described in ORS 414.707 (1) if:

20 (a) The Oregon Health Authority receives 100 percent federal medical assistance percentage for  
21 payments made by the authority for the health *[care]* services provided as part of the benefit pack-  
22 age described in ORS 414.707 (1); or

23 (b) The authority receives funding from the Indian tribes for which federal financial partic-  
24 ipation is available.

25 (2) As used in this section, “American Indian and Alaskan Native beneficiary” means:

26 (a) A member of a federally recognized Indian tribe, band or group;

27 (b) An Eskimo or Aleut or other Alaskan native enrolled by the United States Secretary of the  
28 Interior pursuant to the Alaska Native Claims Settlement Act, 43 U.S.C. 1601; or

29 (c) A person who is considered by the United States Secretary of the Interior to be an Indian  
30 for any purpose.

31 **SECTION 40.** ORS 414.630 is amended to read:

32 414.630. (1) **In areas that are not served by a coordinated care organization,** the Oregon  
33 Health Authority *[shall]* **may** execute prepaid capitated health service contracts for at least hospital  
34 or physician medical care, or both, with hospital and medical organizations, health maintenance or-  
35 ganizations and any other appropriate public or private persons.

36 (2) For purposes of ORS 279A.025, 279A.140, 414.145 and 414.610 to 414.640, instrumentalities and  
37 political subdivisions of the state are authorized to enter into prepaid capitated health service con-  
38 tracts with the *[Oregon Health]* authority *[or the Oregon Health Policy Board]* and shall not thereby  
39 be considered to be transacting insurance.

40 (3) In the event that there is an insufficient number of qualified bids for **coordinated care or-**  
41 **ganizations or** prepaid capitated health services contracts for hospital or physician medical care,  
42 or both, in some areas of the state, the *[Oregon Health]* authority may continue a fee for service  
43 payment system.

44 (4) Payments to providers may be subject to contract provisions requiring the retention of a  
45 specified percentage in an incentive fund or to other contract provisions by which adjustments to

1 the payments are made based on utilization efficiency.

2 **SECTION 41.** ORS 414.706 is amended to read:

3 414.706. The Legislative Assembly shall approve and fund health services to the following per-  
4 sons:

5 (1) Persons who are categorically needy as described in ORS 414.025 [(2)(o)] **(3)(o)** and (p);

6 (2) Pregnant women with incomes no more than 185 percent of the federal poverty guidelines;

7 (3) Persons under 19 years of age with incomes no more than 200 percent of the federal poverty  
8 guidelines;

9 (4) Persons described in ORS 414.708; and

10 (5) Persons 19 years of age or older with incomes no more than 100 percent of the federal pov-  
11 erty guidelines who do not have federal Medicare coverage.

12 **SECTION 42.** ORS 414.707 is amended to read:

13 414.707. (1) Persons described in ORS 414.706 (1), (2), (3) and (5) are eligible to receive all the  
14 health services approved and funded by the Legislative Assembly.

15 (2) Persons described in ORS 414.708 are eligible to receive the health services described in ORS  
16 [414.705 (1)(c)] **414.025 (8)(c)**, (f) and (g).

17 **SECTION 43.** ORS 414.727 is amended to read:

18 414.727. (1) A [prepaid managed care health services] **coordinated care** organization[, as defined  
19 in ORS 414.736,] that contracts with the Oregon Health Authority under ORS 414.725 [(1)] to provide  
20 [prepaid managed care health services] **integrated and coordinated health care and services**, in-  
21 cluding hospital services, shall reimburse Type A and Type B hospitals and rural critical access  
22 hospitals, as described in ORS 442.470 and identified by the Office of Rural Health as rural hospitals,  
23 fully for the cost of covered services based on the cost-to-charge ratio used for each hospital in  
24 setting the [capitation rates paid to the prepaid managed care health services] **global budget for the**  
25 **coordinated care** organization for the contract period.

26 (2) The authority shall base the [capitation rates] **global budgets** described in subsection (1) of  
27 this section on the most recent audited Medicare cost report for Oregon hospitals adjusted to reflect  
28 the Medicaid mix of services.

29 (3) This section may not be construed to prohibit a [prepaid managed care health services] **co-**  
30 **ordinated care** organization and a hospital from mutually agreeing to reimbursement other than the  
31 reimbursement specified in subsection (1) of this section.

32 (4) Hospitals reimbursed under subsection (1) of this section are not entitled to any additional  
33 reimbursement for services provided.

34 **SECTION 44.** ORS 414.728 is amended to read:

35 414.728. For services provided to persons who are entitled to receive medical assistance and  
36 whose medical assistance benefits are not administered by a [prepaid managed care health services  
37 organization, as defined in ORS 414.736] **coordinated care organization**, the Oregon Health Au-  
38 thority shall reimburse Type A and Type B hospitals and rural critical access hospitals, as described  
39 in ORS 442.470 and identified by the Office of Rural Health as rural hospitals, fully for the cost of  
40 covered services based on the most recent audited Medicare cost report for Oregon hospitals ad-  
41 justed to reflect the Medicaid mix of services.

42 **SECTION 45.** ORS 414.736 is amended to read:

43 414.736. As used in this section and ORS [414.725,] 414.737[,] [414.738, 414.739, 414.740, 414.741,  
44 414.742 and 414.743] and section 9, chapter 867, Oregon Laws 2009:

45 (1) "Designated area" means a geographic area of the state defined by the Oregon Health Au-

1 thority by rule that is served by a prepaid managed care health services organization.

2 (2) “Fully capitated health plan” means an organization that contracts with the Oregon Health  
3 Authority [*or the Oregon Health Policy Board*] on a prepaid capitated basis under ORS [414.725]  
4 **414.630** to provide an adequate network of providers to ensure that the health services provided  
5 under the contract are reasonably accessible to enrollees.

6 (3) “Physician care organization” means an organization that contracts with the Oregon Health  
7 Authority [*or the Oregon Health Policy Board*] on a prepaid capitated basis under ORS [414.725]  
8 **414.630** to provide an adequate network of providers to ensure that the health services described in  
9 ORS [414.705 (1)(b)] **414.025 (8)(b)**, (c), (d), (e), (f), (g) and (j) are reasonably accessible to enrollees.  
10 A physician care organization may also contract with the authority or the board on a prepaid  
11 capitated basis to provide the health services described in ORS [414.705 (1)(k)] **414.025 (8)(k)** and (L).

12 (4) “Prepaid managed care health services organization” means a managed physical health,  
13 dental, mental health or chemical dependency organization that contracts with the authority [*or the*  
14 *board*] on a prepaid capitated basis under ORS [414.725] **414.630**. A prepaid managed care health  
15 services organization may be a dental care organization, fully capitated health plan, physician care  
16 organization, mental health organization or chemical dependency organization.

17 **SECTION 46.** ORS 414.736, as amended by section 6, chapter 886, Oregon Laws 2009, is  
18 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 and  
20 414.742] and section 9, chapter 867, Oregon Laws 2009:

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]  
25 **414.630** to provide an adequate network of providers to ensure that the health services provided  
26 under the contract are reasonably accessible to enrollees.

27 (3) “Physician care organization” means an organization that contracts with the [*Oregon*  
28 *Health*] authority [*or the Oregon Health Policy Board*] on a prepaid capitated basis under ORS  
29 [414.725] **414.630** to provide an adequate network of providers to ensure that the health services  
30 described in ORS [414.705 (1)(b)] **414.025 (8)(b)**, (c), (d), (e), (f), (g) and (j) are reasonably accessible  
31 to enrollees. A physician care organization may also contract with the authority [*or the board*] on  
32 a prepaid capitated basis to provide the health services described in ORS [414.705 (1)(k)] **414.025**  
33 **(8)(k)** and (L).

34 (4) “Prepaid managed care health services organization” means a managed physical health,  
35 dental, mental health or chemical dependency organization that contracts with the authority [*or the*  
36 *board*] on a prepaid capitated basis under ORS [414.725] **414.630**. A prepaid managed care health  
37 services organization may be a dental care organization, fully capitated health plan, physician care  
38 organization, mental health organization or chemical dependency organization.

39 **SECTION 47.** ORS 414.743 is amended to read:

40 414.743. (1) A [*fully capitated health plan*] **coordinated care organization** that does not have a  
41 contract with a hospital to provide inpatient or outpatient hospital services under ORS 414.705 to  
42 414.750 must, using a Medicare payment methodology, reimburse the noncontracting hospital for  
43 services provided to an enrollee of the plan at a rate no less than a percentage of the Medicare  
44 reimbursement rate for those services. The percentage of the Medicare reimbursement rate that is  
45 used to determine the reimbursement rate under this subsection is equal to two percentage points

1 less than the percentage of Medicare cost used by the authority in calculating the base hospital  
2 capitation payment to the plan, excluding any supplemental payments.

3 (2) A hospital that does not have a contract with a *[fully capitated health plan]* **coordinated**  
4 **care organization** to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750  
5 must accept as payment in full for hospital services the rates described in subsection (1) of this  
6 section.

7 (3) This section does not apply to type A and type B hospitals, as described in ORS 442.470, and  
8 rural critical access hospitals, as defined in ORS 315.613.

9 (4) The Oregon Health Authority shall adopt rules to implement and administer this section.

10 **SECTION 48.** ORS 414.746 is amended to read:

11 414.746. (1) The Oregon Health Authority shall establish an adjustment to the *[capitation rate*  
12 *paid to a Medicaid managed]* **payments made to a coordinated** care organization defined in section  
13 9, chapter 867, Oregon Laws 2009.

14 (2) The contracts entered into between the authority and *[Medicaid managed]* **coordinated** care  
15 organizations must include provisions that ensure that the adjustment to the *[capitation rate]* **pay-**  
16 **ments** established under subsection (1) of this section is distributed by the *[Medicaid managed]* **co-**  
17 **ordinated** care organizations to hospitals located in Oregon that receive Medicare reimbursement  
18 based upon diagnostic related groups.

19 (3) The adjustment to the capitation rate paid to *[Medicaid managed]* **coordinated** care organ-  
20 izations shall be established in an amount consistent with the legislatively adopted budget and the  
21 aggregate assessment imposed pursuant to section 2, chapter 736, Oregon Laws 2003.

22 **SECTION 49.** ORS 416.510 is amended to read:

23 416.510. As used in ORS 416.510 to 416.610, unless the context requires otherwise:

24 (1) "Action" means an action, suit or proceeding.

25 (2) **"Alternative payment methodology" has the meaning given that term in ORS 414.025.**

26 [(2)] (3) "Applicant" means an applicant for assistance.

27 [(3)] (4) "Assistance" means moneys paid by the Department of Human Services to persons di-  
28 rectly and moneys paid by the Oregon Health Authority or by a prepaid managed care health ser-  
29 vices organization **or a coordinated care organization** for services provided under contract  
30 pursuant to ORS 414.725 to others for the benefit of such persons.

31 [(4)] (5) "Authority" means the Oregon Health Authority.

32 [(5)] (6) "Claim" means a claim of a recipient of assistance for damages for personal injuries  
33 against any person or public body, agency or commission other than the State Accident Insurance  
34 Fund Corporation or Workers' Compensation Board.

35 [(6)] (7) "Compromise" means a compromise between a recipient and any person or public body,  
36 agency or commission against whom the recipient has a claim.

37 (8) **"Coordinated care organization" means an organization that meets the criteria**  
38 **adopted by the authority under section 4 of this 2011 Act.**

39 [(7)] (9) "Judgment" means a judgment in any action or proceeding brought by a recipient to  
40 enforce the claim of the recipient.

41 [(8)] (10) "Prepaid managed care health services organization" means a managed health, dental  
42 or mental health care organization that *[contracts]* **contracted** with the authority on a prepaid  
43 capitated basis *[pursuant to ORS 414.725]*. Prepaid managed care health services organizations may  
44 be dental care organizations, fully capitated health plans, mental health organizations or chemical  
45 dependency organizations.

1 [(9)] (11) "Recipient" means a recipient of assistance.

2 [(10)] (12) "Settlement" means a settlement between a recipient and any person or public body,  
3 agency or commission against whom the recipient has a claim.

4 **SECTION 50.** ORS 416.530 is amended to read:

5 416.530. (1) If any applicant or recipient makes a claim or, without making a claim, begins an  
6 action to enforce such claim, the applicant or recipient, or the attorney for the applicant or the  
7 recipient, shall immediately notify the Department of Human Services or the Oregon Health Au-  
8 thority and the recipient's [*prepaid managed care health services*] **coordinated care** organization, if  
9 the recipient is receiving services from the organization. If an applicant or recipient, or the attorney  
10 for the applicant or the recipient, has given notice that the applicant or recipient has made a claim,  
11 it shall not be necessary for the applicant or recipient, or the attorney for the applicant or the re-  
12 cipient, to give notice that the applicant or recipient has begun an action to enforce such claim.  
13 The notification shall include the name and address of each person or public body, agency or com-  
14 mission against whom claim is made or action is brought. If claim is made or action is brought  
15 against a corporation, the address given in such notification shall be that of its principal place of  
16 business. If the applicant or recipient is a minor, the parents, legal guardian or foster parents of the  
17 minor shall give the notification required by this section.

18 (2) The notification required by subsection (1) of this section shall be provided to:

19 (a) The Oregon Health Authority by applicants for or recipients of assistance provided by the  
20 authority; and

21 (b) The Department of Human Services for assistance provided by the department.

22 **SECTION 51.** ORS 416.540 is amended to read:

23 416.540. (1) Except as provided in subsection (2) of this section and in ORS 416.590, the De-  
24 partment of Human Services and the Oregon Health Authority shall have a lien upon the amount  
25 of any judgment in favor of a recipient or amount payable to the recipient under a settlement or  
26 compromise for all assistance received by such recipient from the date of the injury of the recipient  
27 to the date of satisfaction of such judgment or payment under such settlement or compromise.

28 (2) The lien does not attach to the amount of any judgment, settlement or compromise to the  
29 extent of attorney's fees, costs and expenses incurred by a recipient in securing such judgment,  
30 settlement or compromise and to the extent of medical, surgical and hospital expenses incurred by  
31 the recipient on account of the personal injuries for which the recipient had a claim.

32 (3) The authority may assign the lien described in subsection (1) of this section to a prepaid  
33 managed care health services organization **or a coordinated care organization** for medical costs  
34 incurred by a recipient:

35 (a) During a period for which the authority paid a capitation or enrollment fee **or a payment**  
36 **using an alternative payment methodology**; and

37 (b) On account of the personal injury for which the recipient had a claim.

38 (4) A prepaid managed care health services organization **or a coordinated care organization**  
39 to which the authority has assigned a lien shall notify the authority no later than 10 days after fil-  
40 ing notice of a lien.

41 (5) For the purposes of ORS 416.510 to 416.610, the authority may designate the prepaid managed  
42 care health services organization **or the coordinated care organization** to which a lien is assigned  
43 as its designee.

44 (6) If the authority and a prepaid managed care health services organization **or a coordinated**  
45 **care organization** both have filed a lien, the authority's lien shall be satisfied first.

1        **SECTION 52.** ORS 416.610 is amended to read:

2        416.610. The Oregon Health Authority or the recipient's [*prepaid managed care health services*]  
3        **coordinated care** organization, if the recipient is receiving services from the organization, shall  
4        have a cause of action against any recipient who fails to give the notification required by ORS  
5        416.530 for amounts received by the recipient pursuant to a judgment, settlement or compromise to  
6        the extent that the department or the authority or the [*prepaid managed care health services*] **coor-**  
7        **dinated care** organization could have had a lien against such amounts had such notice been given.

8        **SECTION 53.** ORS 441.094 is amended to read:

9        441.094. (1) No officer or employee of a hospital licensed by the Oregon Health Authority that  
10        has an emergency department may deny to a person an appropriate medical screening examination  
11        within the capability of the emergency department, including ancillary services routinely available  
12        to the emergency department, to determine whether a need for emergency medical services exists.

13        (2) No officer or employee of a hospital licensed by the authority may deny to a person diag-  
14        nosed by an admitting physician as being in need of emergency medical services the emergency  
15        medical services customarily provided at the hospital because the person is unable to establish the  
16        ability to pay for the services.

17        (3) Nothing in this section is intended to relieve a person of the obligation to pay for services  
18        provided by a hospital.

19        (4) A hospital that does not have physician services available at the time of the emergency shall  
20        not be in violation of this section if, after a reasonable good faith effort, a physician is unable to  
21        provide or delegate the provision of emergency medical services.

22        (5) All [*prepaid capitated health service*] **coordinated care organization** contracts executed by  
23        the authority and private health maintenance organizations and managed care organizations shall  
24        include a provision that encourages [*a managed care plan*] **the organization** to establish agreements  
25        with hospitals in the [*plan's*] **organization's** service area for payment of emergency screening ex-  
26        aminations.

27        (6) As used in subsections (1) and (2) of this section, "emergency medical services" means med-  
28        ical services that are usually and customarily available at the respective hospital and that must be  
29        provided immediately to sustain a person's life, to prevent serious permanent disfigurement or loss  
30        or impairment of the function of a bodily member or organ, or to provide care of a woman in her  
31        labor where delivery is imminent if the hospital is so equipped and, if the hospital is not equipped,  
32        to provide necessary treatment to allow the woman to travel to a more appropriate facility without  
33        undue risk of serious harm.

34        **SECTION 54.** ORS 442.464 is amended to read:

35        442.464. As used in this section and ORS 442.466, "reporting entity" means:

36        (1) An insurer as defined in ORS 731.106 or fraternal benefit society as described in ORS 748.106  
37        required to have a certificate of authority to transact health insurance business in this state.

38        (2) A health care service contractor as defined in ORS 750.005 that issues medical insurance in  
39        this state.

40        (3) A third party administrator required to obtain a license under ORS 744.702.

41        (4) A pharmacy benefit manager or fiscal intermediary, or other person that is by statute, con-  
42        tract or agreement legally responsible for payment of a claim for a health care item or service.

43        (5) A [*prepaid managed care health services organization as defined in ORS 414.736*] **coordinated**  
44        **care organization as defined in ORS 414.025.**

45        (6) An insurer providing coverage funded under Part A, Part B or Part D of Title XVIII of the

1 Social Security Act, subject to approval by the United States Department of Health and Human  
2 Services.

3 **SECTION 55.** ORS 655.515 is amended to read:

4 655.515. If an inmate sustains an injury as described in ORS 655.510, benefits shall be delivered  
5 in a manner similar to that provided for injured workers under the workers' compensation laws of  
6 this state, except that:

7 (1) No benefits, except medical services and any occupational training or rehabilitation services  
8 provided by the Department of Corrections, shall accrue to the inmate until the date of release from  
9 confinement and shall be based upon the condition of the inmate at that time.

10 (2) Benefits shall be discontinued during any subsequent period of reconfinement in a penal in-  
11 stitution.

12 (3) Costs of rehabilitation services to inmates with disabilities shall be paid out of the Insurance  
13 Fund established under ORS 278.425 in an amount approved by the Oregon Department of Adminis-  
14 trative Services, which shall be the reasonable and necessary cost of such services.

15 (4) Medical services when the inmate is confined in a Department of Corrections facility shall  
16 be those provided by the Department of Corrections. After release, medical services shall be paid  
17 only if necessary to the process of recovery and as prescribed by the attending practitioner. No  
18 medical services may be paid after the attending practitioner has determined that the inmate is  
19 medically stationary other than for reasonable, periodic repair or replacement of prosthetic appli-  
20 ances. The department, by rule, may require that medical and rehabilitation services after release  
21 must be provided directly by the state or its contracted [*managed*] **coordinated** care organization.

22 **SECTION 56.** ORS 659.830 is amended to read:

23 659.830. (1) An employee benefit plan may not include any provision which has the effect of  
24 limiting or excluding coverage or payment for any health care for an individual who would other-  
25 wise be covered or entitled to benefits or services under the terms of the employee benefit plan  
26 because that individual is provided, or is eligible for, benefits or services pursuant to a plan under  
27 Title XIX of the Social Security Act. This section applies to employee benefit plans, whether spon-  
28 sored by an employer or a labor union.

29 (2) A group health plan is prohibited from considering the availability or eligibility for medical  
30 assistance in this or any other state under 42 U.S.C. 1396a (section 1902 of the Social Security Act),  
31 herein referred to as Medicaid, when considering eligibility for coverage or making payments under  
32 its plan for eligible enrollees, subscribers, policyholders or certificate holders.

33 (3) To the extent that payment for covered expenses has been made under the state Medicaid  
34 program for health care items or services furnished to an individual, in any case where a third party  
35 has a legal liability to make payments, the state is considered to have acquired the rights of the  
36 individual to payment by any other party for those health care items or services.

37 (4) An employee benefit plan, self-insured plan, managed care organization or group health plan,  
38 a third party administrator, fiscal intermediary or pharmacy benefit manager of the plan or organ-  
39 ization, or other party that is, by statute, contract or agreement legally responsible for payment of  
40 a claim for a health care item or service, may not deny a claim submitted by the state Medicaid  
41 agency under subsection (3) of this section based on the date of submission of the claim, the type  
42 or format of the claim form or a failure to present proper documentation at the point of sale that  
43 is the basis of the claim if:

44 (a) The claim is submitted by the agency within the three-year period beginning on the date on  
45 which the health care item or service was furnished; and

1 (b) Any action by the agency to enforce its rights with respect to the claim is commenced within  
2 six years of the agency's submission of the claim.

3 (5) An employee benefit plan, self-insured plan, managed care organization or group health plan,  
4 a third party administrator, fiscal intermediary or pharmacy benefit manager of the plan or organ-  
5 ization, or other party that is, by statute, contract or agreement legally responsible for payment of  
6 a claim for a health care item or service, must provide to the state Medicaid agency or [*prepaid*  
7 *managed care health services*] **coordinated care** organization described in ORS 414.725, upon the  
8 request of the agency or contractor, the following information:

9 (a) The period during which a Medicaid recipient, the spouse or dependents may be or may have  
10 been covered by the plan or organization;

11 (b) The nature of coverage that is or was provided by the plan or organization; and

12 (c) The name, address and identifying numbers of the plan or organization.

13 (6) A group health plan may not deny enrollment of a child under the health plan of the child's  
14 parent on the grounds that:

15 (a) The child was born out of wedlock;

16 (b) The child is not claimed as a dependent on the parent's federal tax return; or

17 (c) The child does not reside with the child's parent or in the group health plan service area.

18 (7) Where a child has health coverage through a group health plan of a noncustodial parent, the  
19 group health plan must:

20 (a) Provide such information to the custodial parent as may be necessary for the child to obtain  
21 benefits through that coverage;

22 (b) Permit the custodial parent or the provider, with the custodial parent's approval, to submit  
23 claims for covered services without the approval of the noncustodial parent; and

24 (c) Make payments on claims submitted in accordance with paragraph (b) of this subsection di-  
25 rectly to the custodial parent, to the provider or, if a claim is filed by the state Medicaid agency,  
26 directly to the state Medicaid agency.

27 (8) Where a parent is required by a court or administrative order to provide health coverage for  
28 a child, and the parent is eligible for family health coverage, the group health plan is required:

29 (a) To permit the parent to enroll, under the family coverage, a child who is otherwise eligible  
30 for the coverage without regard to any enrollment season restrictions;

31 (b) If the parent is enrolled but fails to make application to obtain coverage for the child, to  
32 enroll the child under family coverage upon application of the child's other parent, the state agency  
33 administering the Medicaid program or the state agency administering 42 U.S.C. 651 to 669, the  
34 child support enforcement program; and

35 (c) Not to disenroll or eliminate coverage of the child unless the group health plan is provided  
36 satisfactory written evidence that:

37 (A) The court or administrative order is no longer in effect; or

38 (B) The child is or will be enrolled in comparable health coverage through another insurer  
39 which will take effect not later than the effective date of disenrollment.

40 (9) A group health plan may not impose requirements on a state agency that has been assigned  
41 the rights of an individual eligible for medical assistance under Medicaid and covered for health  
42 benefits from the plan if the requirements are different from requirements applicable to an agent or  
43 assignee of any other individual so covered.

44 (10)(a) In any case in which a group health plan provides coverage for dependent children of  
45 participants or beneficiaries, the plan must provide benefits to dependent children placed with par-



1 participants or beneficiaries for adoption under the same terms and conditions as apply to the natural,  
2 dependent children of the participants and beneficiaries, regardless of whether the adoption has  
3 become final.

4 (b) A group health plan may not restrict coverage under the plan of any dependent child adopted  
5 by a participant or beneficiary, or placed with a participant or beneficiary for adoption, solely on  
6 the basis of a preexisting condition of the child at the time that the child would otherwise become  
7 eligible for coverage under the plan if the adoption or placement for adoption occurs while the  
8 participant or beneficiary is eligible for coverage under the plan.

9 (11) As used in this section:

10 (a) "Child" means, in connection with any adoption, or placement for adoption of the child, an  
11 individual who has not attained 18 years of age as of the date of the adoption or placement for  
12 adoption.

13 (b) "Group health plan" means a group health plan as defined in 29 U.S.C. 1167.

14 (c) "Placement for adoption" means the assumption and retention by a person of a legal obli-  
15 gation for total or partial support of a child in anticipation of the adoption of the child. The child's  
16 placement with a person terminates upon the termination of such legal obligations.

17 **SECTION 57.** ORS 735.615 is amended to read:

18 735.615. (1) Except as provided in subsection (3) of this section, a person who is a resident of  
19 this state, as defined by the Oregon Medical Insurance Pool Board, is eligible for medical pool  
20 coverage if:

21 (a) An insurer, or an insurance company with a certificate of authority in any other state, has  
22 made within a time frame established by the board an adverse underwriting decision, as defined in  
23 ORS 746.600 (1)(a)(A), (B) or (D), on individual medical insurance for health reasons while the person  
24 was a resident;

25 (b) The person has a history of any medical or health conditions on the list adopted by the board  
26 under subsection (2) of this section;

27 (c) The person is a spouse or dependent of a person described in paragraph (a) or (b) of this  
28 subsection; or

29 (d) The person is eligible for the credit for health insurance costs under section 35 of the federal  
30 Internal Revenue Code, as amended and in effect on December 31, 2004.

31 (2) The board may adopt a list of medical or health conditions for which a person is eligible for  
32 pool coverage without applying for individual medical insurance pursuant to this section.

33 (3) A person is not eligible for coverage under ORS 735.600 to 735.650 if:

34 (a) Except as provided in ORS 735.625 (3)(c), the person is eligible to receive health services as  
35 defined in ORS [414.705] **414.025** that meet or exceed those adopted by the board or is eligible for  
36 Medicare;

37 (b) The person has terminated coverage in the pool within the last 12 months and the termi-  
38 nation was for:

39 (A) A reason other than becoming eligible to receive health services as defined in ORS  
40 [414.705] **414.025**; or

41 (B) A reason that does not meet exception criteria established by the board;

42 (c) The person has exceeded the maximum lifetime benefit established by the board;

43 (d) The person is an inmate of or a patient in a public institution named in ORS 179.321;

44 (e) The person has, on the date of issue of coverage by the board, coverage under health insur-  
45 ance or a self-insurance arrangement that is substantially equivalent to coverage under ORS 735.625;

1 or

2 (f) The person has the premiums paid or reimbursed by a public entity or a health care provider,  
3 reducing the financial loss or obligation of the payer.

4 (4) A person applying for coverage shall establish initial eligibility by providing evidence that  
5 the board requires.

6 (5)(a) Notwithstanding ORS 735.625 (4)(c) and subsection (3)(a) of this section, if a person be-  
7 comes eligible for Medicare after being enrolled in the pool for a period of time as determined by  
8 the board by rule, that person may continue coverage within the pool as secondary coverage to  
9 Medicare.

10 (b) The board may adopt rules concerning the terms and conditions for the coverage provided  
11 under paragraph (a) of this subsection.

12 (6) The board may adopt rules to establish additional eligibility requirements for a person de-  
13 scribed in subsection (1)(d) of this section.

14 **SECTION 58.** ORS 743.847 is amended to read:

15 743.847. (1) For the purposes of this section:

16 (a) "Health insurer" or "insurer" means an employee benefit plan, self-insured plan, managed  
17 care organization or group health plan, a third party administrator, fiscal intermediary or pharmacy  
18 benefit manager of the plan or organization, or other party that is by statute, contract or agreement  
19 legally responsible for payment of a claim for a health care item or service.

20 (b) "Medicaid" means medical assistance provided under 42 U.S.C. 1396a (section 1902 of the  
21 Social Security Act).

22 (2) A health insurer is prohibited from considering the availability or eligibility for medical as-  
23 sistance in this or any other state under Medicaid when considering eligibility for coverage or  
24 making payments under its group or individual plan for eligible enrollees, subscribers, policyholders  
25 or certificate holders.

26 (3) To the extent that payment for covered expenses has been made under the state Medicaid  
27 program for health care items or services furnished to an individual, in any case when a third party  
28 has a legal liability to make payments, the state is considered to have acquired the rights of the  
29 individual to payment by any other party for those health care items or services.

30 (4) An insurer may not deny a claim submitted by the state Medicaid agency, [or] a prepaid  
31 managed care health services **organization or a coordinated care** organization described in ORS  
32 414.725, under subsection (3) of this section based on the date of submission of the claim, the type  
33 or format of the claim form or a failure to present proper documentation at the point of sale that  
34 is the basis of the claim if:

35 (a) The claim is submitted by the agency, [or] the prepaid managed care health services organ-  
36 ization **or the coordinated care organization** within the three-year period beginning on the date  
37 on which the health care item or service was furnished; and

38 (b) Any action by the agency, [or] the prepaid managed care health services **coordinated care**  
39 organization to enforce its rights with respect to the claim is commenced within six years of the  
40 agency's or organization's submission of the claim.

41 (5) An insurer must provide to the state Medicaid agency, [or] a prepaid managed care health  
42 services organization **or a coordinated care organization**, upon request, the following information:

43 (a) The period during which a Medicaid recipient, the spouse or dependents may be or may have  
44 been covered by the plan;

45 (b) The nature of coverage that is or was provided by the plan; and

1 (c) The name, address and identifying numbers of the plan.

2 (6) An insurer may not deny enrollment of a child under the group or individual health plan of  
3 the child's parent on the ground that:

4 (a) The child was born out of wedlock;

5 (b) The child is not claimed as a dependent on the parent's federal tax return; or

6 (c) The child does not reside with the child's parent or in the insurer's service area.

7 (7) When a child has group or individual health coverage through an insurer of a noncustodial  
8 parent, the insurer must:

9 (a) Provide such information to the custodial parent as may be necessary for the child to obtain  
10 benefits through that coverage;

11 (b) Permit the custodial parent or the provider, with the custodial parent's approval, to submit  
12 claims for covered services without the approval of the noncustodial parent; and

13 (c) Make payments on claims submitted in accordance with paragraph (b) of this subsection di-  
14 rectly to the custodial parent, the provider or, if a claim is filed by the state Medicaid agency,  
15 [or] a prepaid managed [health] care **health** services organization **or a coordinated care organ-**  
16 **ization**, directly to the agency or the organization.

17 (8) When a parent is required by a court or administrative order to provide health coverage for  
18 a child, and the parent is eligible for family health coverage, the insurer must:

19 (a) Permit the parent to enroll, under the family coverage, a child who is otherwise eligible for  
20 the coverage without regard to any enrollment season restrictions;

21 (b) If the parent is enrolled but fails to make application to obtain coverage for the child, enroll  
22 the child under family coverage upon application of the child's other parent, the state agency ad-  
23 ministering the Medicaid program or the state agency administering 42 U.S.C. 651 to 669, the child  
24 support enforcement program; and

25 (c) Not disenroll or eliminate coverage of the child unless the insurer is provided satisfactory  
26 written evidence that:

27 (A) The court or administrative order is no longer in effect; or

28 (B) The child is or will be enrolled in comparable health coverage through another insurer  
29 which will take effect not later than the effective date of disenrollment.

30 (9) An insurer may not impose requirements on a state agency that has been assigned the rights  
31 of an individual eligible for medical assistance under Medicaid and covered for health benefits from  
32 the insurer if the requirements are different from requirements applicable to an agent or assignee  
33 of any other individual so covered.

34 (10) The provisions of ORS 743A.001 do not apply to this section.

35 **SECTION 59.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,  
36 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws  
37 2009, and section 19, chapter 867, Oregon Laws 2009, is amended to read:

38 **Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate  
39 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall  
40 be credited to the Hospital Quality Assurance Fund.

41 (2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the  
42 Oregon Health Authority for the purpose of paying refunds due under section 6, chapter 736, Oregon  
43 Laws 2003, and funding services under ORS 414.705 to 414.750, including but not limited to:

44 (a) Increasing reimbursement rates for inpatient and outpatient hospital services under ORS  
45 414.705 to 414.750;

1 (b) Maintaining, expanding or modifying services for persons described in ORS 414.025 [(2)(s)]  
2 **(3)(s)**;

3 (c) Maintaining or increasing the number of persons described in ORS 414.025 [(2)(s)] **(3)(s)** who  
4 are enrolled in the medical assistance program; and

5 (d) Paying administrative costs incurred by the authority to administer the assessments imposed  
6 under section 2, chapter 736, Oregon Laws 2003.

7 (3) Except for assessments imposed pursuant to section 2 (3)(b), chapter 736, Oregon Laws 2003,  
8 the authority may not use moneys from the Hospital Quality Assurance Fund to supplant, directly  
9 or indirectly, other moneys made available to fund services described in subsection (2) of this sec-  
10 tion.

11  
12 **MISCELLANEOUS**

13  
14 **SECTION 60.** For the purpose of harmonizing and clarifying statutory law, the Legislative  
15 Counsel may substitute for words designating a “prepaid managed care health services or-  
16 ganization” wherever they occur in ORS chapters 413 and 414, other words designating a  
17 “coordinated care organization.”

18 **SECTION 61.** The unit and section captions used in this 2011 Act are provided only for  
19 the convenience of the reader and do not become part of the statutory law of this state or  
20 express any legislative intent in the enactment of this 2011 Act.

21  
22 **OPERATIVE AND EFFECTIVE DATES**

23  
24 **SECTION 62.** (1) The Oregon Health Authority may not implement any provisions of this  
25 2011 Act that require federal approval or that require federal approval to receive federal fi-  
26 nancial participation until the authority has received the approval.

27 (2) The authority shall enter into contracts with coordinated care organizations and en-  
28 roll medical assistance recipients in coordinated care organizations as soon as practicable  
29 after the operative date specified in this section.

30 **SECTION 63.** (1) ORS 414.610, 414.630, 414.640, 414.705, 414.728, 414.736, 414.738, 414.739,  
31 414.740 and 414.742 and sections 13, 14 and 17 of this 2011 Act are repealed January 1, 2014.

32 (2) ORS 414.741 is repealed January 2, 2012.

33 **SECTION 64.** The amendments to section 8 of this 2011 Act by section 9 of this 2011 Act  
34 become operative January 2, 2014.

35 **SECTION 65.** The Director of the Oregon Health Authority may take any action on or  
36 after the effective date of this 2011 Act that is necessary to carry out the provisions of this  
37 2011 Act on the operative dates specified in sections 62 and 64 of this 2011 Act including, but  
38 not limited to:

- 39 (1) Applying for necessary federal approval;  
40 (2) Entering into contracts with coordinated care organizations; and  
41 (3) Adopting rules.

42 **SECTION 66.** This 2011 Act being necessary for the immediate preservation of the public  
43 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect  
44 on its passage.