

## SENATE AMENDMENTS TO A-ENGROSSED SENATE BILL 101

By JOINT COMMITTEE ON WAYS AND MEANS

June 21

1 On page 1 of the printed A-engrossed bill, line 2, after “414.025,” insert “414.743,”.

2 In line 3, after “414.851” insert “; repealing sections 6, 7 and 8, chapter 886, Oregon Laws  
3 2009”.

4 On page 7, after line 34, insert:

5 **“SECTION 7. (1) As used in this section, ‘fully capitated health plan’ has the meaning  
6 given that term in ORS 414.736.**

7 **“(2) The Oregon Health Authority shall proceed with all due diligence and speed to obtain  
8 the appropriate authorization to implement on September 1, 2011, a new Medicaid fee sched-  
9 ule that is based upon the legislatively approved budget.**

10 **“(3) Before September 1, 2011, a hospital and a fully capitated health plan shall maintain  
11 their existing contract for the provision of inpatient or outpatient hospital services under  
12 ORS 414.705 to 414.750, unless the hospital and the plan mutually agree upon a change to the  
13 contract. During this time, the hospital and the plan shall work in good faith to negotiate a  
14 new contract in anticipation of the implementation of a new Medicaid fee schedule on Sep-  
15 tember 1, 2011.**

16 **“(4) On or after September 1, 2011, a fully capitated health plan that does not have a  
17 contract with a hospital that provides 10 percent or more of hospital admissions and outpa-  
18 tient hospital services to enrollees of the plan may, when mutually agreed to by the plan and  
19 the hospital, engage in binding arbitration. The binding arbitration must be completed no  
20 later than December 1, 2011. The hospital and the plan shall agree upon the arbitrator.**

21 **“(5) The authority shall report to the Legislative Assembly no later than February 1,  
22 2012, the results of the contracting carried out under this section.**

23 **“SECTION 8. ORS 414.743 is amended to read:**

24 **“414.743. (1) Except as provided in subsection (2) of this section, a fully capitated health  
25 plan that does not have a contract with a hospital to provide inpatient or outpatient hospital ser-  
26 vices under ORS 414.705 to 414.750 must, using [a] Medicare payment methodology, reimburse the  
27 noncontracting hospital for services provided to an enrollee of the plan at a rate no less than a  
28 percentage of the Medicare reimbursement rate for those services. The percentage of the Medicare  
29 reimbursement rate that is used to determine the reimbursement rate under this subsection is equal  
30 to [two] **four** percentage points less than the percentage of Medicare cost used by the authority in  
31 calculating the base hospital capitation payment to the plan, excluding any supplemental payments.**

32 **“(2)(a) If a fully capitated health plan does not have a contract with a hospital, and the  
33 hospital provides less than 10 percent of the hospital admissions and outpatient hospital  
34 services to enrollees of the plan, the percentage of the Medicare reimbursement rate that is  
35 used to determine the reimbursement rate under subsection (1) of this section is equal to**

1 two percentage points less than the percentage of Medicare cost used by the Oregon Health  
2 Authority in calculating the base hospital capitation payment to the plan, excluding any  
3 supplemental payments.

4 **“(b) This subsection is not intended to discourage a fully capitated health plan and a  
5 hospital from entering into a contract and is intended to apply to hospitals that provide pri-  
6 marily, but not exclusively, specialty and emergency care to enrollees of the plan.**

7 “[2] (3) A hospital that does not have a contract with a fully capitated health plan to provide  
8 inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in  
9 full for hospital services the rates described in [subsection (1)] **subsections (1) and (2)** of this sec-  
10 tion.

11 “[3] (4) This section does not apply to type A and type B hospitals, as described in ORS  
12 442.470, and rural critical access hospitals, as defined in ORS 315.613.

13 “[4] (5) The Oregon Health Authority shall adopt rules to implement and administer this sec-  
14 tion.

15 **“SECTION 9. (1) Sections 7 and 8, chapter 886, Oregon Laws 2009, are repealed.**

16 **“(2) The amendments to ORS 414.736 by section 6, chapter 886, Oregon Laws 2009, are  
17 repealed.”.**

18 In line 35, delete “7.” and insert “10. (1)”.

19 After line 36, insert:

20 “(2) The amendments to ORS 414.743 by section 8 of this 2011 Act become operative September  
21 1, 2011.”.

22 In line 37, delete “8” and insert “11”.