

Enrolled Senate Bill 204

Sponsored by Senator BATES, Representative KOTEK (Pre-session filed.)

CHAPTER

AN ACT

Relating to health care; creating new provisions; amending ORS 243.125 and 243.864; and declaring an emergency.

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

SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS 192.518 to 192.529.

SECTION 2. (1) As used in this section, “entity” means a health care provider or a pre-paid managed care health services organization, as defined in ORS 414.736, that provides health care to an individual, if the care is paid for by a state health plan.

(2) Notwithstanding ORS 179.505, an entity may disclose the identity of an individual who receives health care from the entity without obtaining an authorization from the individual, or a personal representative of the individual, to another entity for the purpose of coordinating the health care and treatment provided to the individual by either entity.

SECTION 3. (1) The Oregon Health Authority shall prescribe by rule a uniform payment methodology for hospital and ambulatory surgical center services that:

(a) Incorporates the most recent Medicare payment methodologies established by the Centers for Medicare and Medicaid Services, or similar payment methodologies, for hospital and ambulatory surgical center services;

(b) Includes payment methodologies for services and equipment that are not fully addressed by Medicare payment methodologies; and

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

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

SECTION 4. (1) A hospital or ambulatory surgical center shall bill and accept as payment in full an amount determined in accordance with the payment methodology prescribed by the Oregon Health Authority under section 3 of this 2011 Act.

(2) This section does not apply to type A or type B hospitals as described in ORS 442.470 or rural critical access hospitals as defined in ORS 315.613.

SECTION 5. Section 6 of this 2011 Act is added to and made a part of ORS 243.105 to 243.285.

SECTION 6. (1) A hospital that provides services or supplies under a benefit plan offered by the Public Employees’ Benefit Board shall be reimbursed using the methodology pre-

scribed by the Oregon Health Authority under section 3 of this 2011 Act and may not be reimbursed for each service or supply provided.

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

(3) This section does not apply to reimbursements paid by a carrier or third party administrator to a hospital that is not subject to the methodology prescribed by the authority under section 3 of this 2011 Act.

SECTION 7. Section 8 of this 2011 Act is added to and made a part of ORS 243.860 to 243.886.

SECTION 8. (1) A hospital that provides services or supplies under a benefit plan offered by the Oregon Educators Benefit Board shall be reimbursed using the methodology prescribed by the Oregon Health Authority under section 3 of this 2011 Act and may not be reimbursed for each service or supply provided.

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

(3) This section does not apply to reimbursements paid by a carrier or third party administrator to a hospital that is not subject to the methodology prescribed by the authority under section 3 of this 2011 Act.

SECTION 9. An insurer, as defined in ORS 731.106, that contracts with the Oregon Health Authority, including with the Public Employees' Benefit Board and the Oregon Educators Benefit Board, to provide health insurance coverage for state employees, educators or medical assistance recipients must annually attest, on a form and in a manner prescribed by the authority, to its compliance with sections 3, 4, 6 and 8 of this 2011 Act. A contract with an insurer subject to the requirements of this section may not be renewed without the attestation required by this section.

SECTION 10. ORS 243.125 is amended to read:

243.125. (1) The Public Employees' Benefit Board shall prescribe rules for the conduct of its business **and for carrying out section 6 of this 2011 Act.** The board shall study all matters connected with the providing of adequate benefit plan coverage for eligible state employees on the best basis possible with relation both to the welfare of the employees and to the state. The board shall design benefits, devise specifications, analyze carrier responses to advertisements for bids and decide on the award of contracts. Contracts shall be signed by the chairperson on behalf of the board.

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

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

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

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

SECTION 11. ORS 243.864 is amended to read:

243.864. (1) The Oregon Educators Benefit Board:

(a) Shall adopt rules for the conduct of its business **and for carrying out section 8 of this 2011 Act;** and

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

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

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

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

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

SECTION 12. (1) **Except as provided in subsection (2) of this section, sections 3 to 8 of this 2011 Act and the amendments to ORS 243.125 and 243.864 by sections 10 and 11 of this 2011 Act apply to:**

(a) **Claims by a hospital for reimbursement of services provided by the hospital on or after January 1, 2012; and**

(b) **Claims by an ambulatory surgical center for reimbursement of services provided by the ambulatory surgical center on or after January 1, 2013.**

(2) **Sections 3 to 9 of this 2011 Act and the amendments to ORS 243.125 and 243.864 by sections 10 and 11 of this 2011 Act apply to reimbursement paid under contracts entered into or renewed on or after the effective date of this 2011 Act.**

SECTION 13. (1) **Crook, Deschutes and Jefferson Counties may form a Central Oregon Health Council when the governing body of each of the counties adopts a resolution signifying the body's intention to do so.**

(2) **Subsequent to the formation of the Central Oregon Health Council, a county that is adjacent to Crook, Deschutes or Jefferson County may join the council if:**

(a) **The governing body of the county seeking to join the council adopts a resolution signifying the body's intention to include a portion of that county in the region served by the council;**

(b) **The portion of the county to be included in the region is part of a natural health care referral pattern with the other counties on the council; and**

(c) **The Oregon Health Authority and the council approve.**

SECTION 14. (1) **The Central Oregon Health Council shall consist of no more than 11 members, including:**

(a) **A formative council consisting of:**

(A) **One member each from the governing bodies of Crook, Deschutes and Jefferson Counties, appointed by each body;**

(B) **The chief executive officer, or a designee of the chief executive officer, of the health care system serving the region; and**

(C) **The chief executive officer, or a designee of the chief executive officer, of the Medicaid contractor serving the region; and**

(b) **At least three members appointed by the formative council established under paragraph (a) of this subsection. Members appointed under this paragraph shall be representatives of:**

(A) **Consumers of physical and behavioral health services;**

(B) **Health care professionals;**

(C) **School districts or educational service districts;**

(D) The business community; or
(E) A member from the governing body of each county that joins the council under section 13 (2) of this 2011 Act.

(2) The term of office of the members of the council is four years.

(3) A majority of the members of the council constitutes a quorum for the transaction of business.

(4) The council shall elect a member of the council to serve as the chairperson.

(5) If there is a vacancy for any cause, the appointing authority shall make an appointment to the vacated position to become effective immediately.

(6) The council may enter into necessary contracts, apply for and receive grants, hold and dispose of property and take other actions necessary to carry out the activities, services and responsibilities assumed by the council.

(7) The council may adopt rules necessary for the operation of the council.

SECTION 15. The Central Oregon Health Council shall appoint an advisory committee to advise the council in the performance of the duties of the council. The members of the advisory committee may include representatives of:

(1) Public health agencies serving the region;

(2) Behavioral health agencies for mental health authorities serving the region represented on the council;

(3) Hospital or integrated delivery systems serving the region represented on the council;

(4) Medicaid contractors in each region served by the council;

(5) Safety net clinics;

(6) Health collaboratives;

(7) The dental profession;

(8) School and educational service districts;

(9) The business community;

(10) Primary care clinics; and

(11) Independent physician associations.

SECTION 16. (1) As used in this section, "regional health improvement plan" means a four-year comprehensive, coordinated regional plan incorporating and replacing all health and human service plans prescribed by the Oregon Health Authority, including but not limited to plans required under ORS 430.630, 430.640, 431.385 and 624.510 and plans required by the State Commission on Children and Families under ORS 417.705 to 417.801.

(2)(a) The Central Oregon Health Council shall conduct a regional health assessment and adopt a regional health improvement plan to serve as a strategic population health and health care system service plan for the region served by the council. The plan must define the scope of the activities, services and responsibilities that the council proposes to assume upon implementation of the plan.

(b) The activities, services and responsibilities that the council proposes to assume under the plan may include, but are not limited to:

(A) Analysis and development of public and private resources, capacities and metrics based on ongoing regional health assessment activities and population health priorities;

(B) Health policy;

(C) System design;

(D) Outcome and quality improvement;

(E) Integration of service delivery; and

(F) Workforce development.

(3) The council shall submit the plan adopted under subsection (2) of this section to the authority for approval. The authority may approve the plan or return it to the council for modification prior to approval.

(4) The regional health improvement plan adopted under this section shall serve as a guide for entities serving medical assistance recipients, public health authorities, mental

health authorities, health care systems, payer groups, provider groups and health coalitions in the counties served by the council.

SECTION 17. (1) By September 1, 2011, the Oregon Health Authority shall adopt by rule requirements for the regional health improvement plan adopted under section 16 of this 2011 Act.

(2) The Oregon Health Authority shall adopt rules:

(a) Necessary to implement sections 13 to 16 of this 2011 Act; and

(b) That allow for the consolidation of planning and reporting requirements of the authority under section 16 of this 2011 Act.

SECTION 18. No later than the dates of the convening of the 2013 and of the 2015 Legislative Assemblies as specified in ORS 171.010, the Central Oregon Health Council shall report to the Seventy-seventh and Seventy-eighth Legislative Assemblies in the manner provided by ORS 192.245 about the results of the implementation of the regional health improvement plan adopted under section 16 of this 2011 Act. The report shall include, but is not limited to, performance measures of improvement of health outcomes, improvement in care and reductions in the cost of care.

SECTION 19. Sections 13 to 18 of this 2011 Act are repealed on January 2, 2016.

SECTION 20. This 2011 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect on its passage.

Passed by Senate May 2, 2011

Received by Governor:

Repassed by Senate June 9, 2011

.....M.,....., 2011

Approved:

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Robert Taylor, Secretary of Senate

.....M.,....., 2011

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Peter Courtney, President of Senate

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John Kitzhaber, Governor

Passed by House June 2, 2011

Filed in Office of Secretary of State:

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Bruce Hanna, Speaker of House

.....M.,....., 2011

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Arnie Roblan, Speaker of House

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Kate Brown, Secretary of State