

**B-Engrossed**  
**Senate Bill 204**

Ordered by the House May 31  
Including Senate Amendments dated April 27 and House Amendments  
dated May 31

Sponsored by Senator BATES (Presession filed.)

**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.

Allows disclosure of identity of person between health care providers and prepaid managed care health services organizations that are paid by state health plan to provide care to person.

**Requires Oregon Health Authority to prescribe payment methodologies for hospitals and ambulatory surgical centers. Requires hospitals and centers to bill and accept as payment in full, in specified circumstances, payments made in accordance with those payment methodologies.**

**Authorizes Crook, Deschutes and Jefferson Counties to form Central Oregon Health Council under certain circumstances. Authorizes other counties to join council under certain circumstances. Requires council to adopt regional health improvement plan and permits council to assume certain activities, services and responsibilities specified in plan. Directs council to report to Legislative Assembly on performance of council on or before dates of convening of 2013 and 2015 regular sessions of Legislative Assembly. Sunsets January 2, 2016.**

**Declares emergency, effective on passage.**

**A BILL FOR AN ACT**

1  
2 Relating to health care; creating new provisions; amending ORS 243.125 and 243.864; and declaring  
3 an emergency.

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

5 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS 192.518 to**  
6 **192.529.**

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

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

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

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

19 **(b) Includes payment methodologies for services and equipment that are not fully ad-**  
20 **dressed by Medicare payment methodologies; and**

21 **(c) Allows for the use of alternative payment methodologies, including but not limited to**

**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 pay-for-performance, bundled payments and capitation.

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

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

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

10 **SECTION 5.** Section 6 of this 2011 Act is added to and made a part of ORS 243.105 to  
11 243.285.

12 **SECTION 6.** (1) A hospital that provides services or supplies under a benefit plan offered  
13 by the Public Employees' Benefit Board shall be reimbursed using the methodology pre-  
14 scribed by the Oregon Health Authority under section 3 of this 2011 Act and may not be re-  
15 imbursemented for each service or supply provided.

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

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

22 **SECTION 7.** Section 8 of this 2011 Act is added to and made a part of ORS 243.860 to  
23 243.886.

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

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

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

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

41 **SECTION 10.** ORS 243.125 is amended to read:

42 243.125. (1) The Public Employees' Benefit Board shall prescribe rules for the conduct of its  
43 business and for carrying out section 6 of this 2011 Act. The board shall study all matters con-  
44 nected with the providing of adequate benefit plan coverage for eligible state employees on the best  
45 basis possible with relation both to the welfare of the employees and to the state. The board shall

1 design benefits, devise specifications, analyze carrier responses to advertisements for bids and decide  
2 on the award of contracts. Contracts shall be signed by the chairperson on behalf of the board.

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

6 (3) Subject to ORS chapter 183, the board may make rules not inconsistent with ORS 243.105 to  
7 243.285 and 292.051 to determine the terms and conditions of eligible employee participation and  
8 coverage.

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

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

15 **SECTION 11.** ORS 243.864 is amended to read:

16 243.864. (1) The Oregon Educators Benefit Board:

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

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

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

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

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

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

37 **SECTION 12.** (1) **Except as provided in subsection (2) of this section, sections 3 to 8 of**  
38 **this 2011 Act and the amendments to ORS 243.125 and 243.864 by sections 10 and 11 of this**  
39 **2011 Act apply to:**

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

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

44 (2) **Sections 3 to 9 of this 2011 Act and the amendments to ORS 243.125 and 243.864 by**  
45 **sections 10 and 11 of this 2011 Act apply to reimbursement paid under contracts entered into**

1 or renewed on or after the effective date of this 2011 Act.

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

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

7 (a) The governing body of the county seeking to join the council adopts a resolution sig-  
8 nifying the body's intention to include a portion of that county in the region served by the  
9 council;

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

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

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

15 (a) A formative council consisting of:

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

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

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

22 (b) At least three members appointed by the formative council established under para-  
23 graph (a) of this subsection. Members appointed under this paragraph shall be represen-  
24 tatives of:

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

26 (B) Health care professionals;

27 (C) School districts or educational service districts;

28 (D) The business community; or

29 (E) A member from the governing body of each county that joins the council under sec-  
30 tion 13 (2) of this 2011 Act.

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

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

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

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

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

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

41 **SECTION 15.** The Central Oregon Health Council shall appoint an advisory committee to  
42 advise the council in the performance of the duties of the council. The members of the ad-  
43 visory committee may include representatives of:

44 (1) Public health agencies serving the region;

45 (2) Behavioral health agencies for mental health authorities serving the region repres-

1 ented on the council;

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

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

4 (5) Safety net clinics;

5 (6) Health collaboratives;

6 (7) The dental profession;

7 (8) School and educational service districts;

8 (9) The business community;

9 (10) Primary care clinics; and

10 (11) Independent physician associations.

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

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

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

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

25 (B) Health policy;

26 (C) System design;

27 (D) Outcome and quality improvement;

28 (E) Integration of service delivery; and

29 (F) Workforce development.

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

33 (4) The regional health improvement plan adopted under this section shall serve as a  
34 guide for entities serving medical assistance recipients, public health authorities, mental  
35 health authorities, health care systems, payer groups, provider groups and health coalitions  
36 in the counties served by the council.

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

40 (2) The Oregon Health Authority shall adopt rules:

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

42 (b) That allow for the consolidation of planning and reporting requirements of the au-  
43 thority under section 16 of this 2011 Act.

44 **SECTION 18.** No later than the dates of the convening of the 2013 and of the 2015 Legis-  
45 lative Assemblies as specified in ORS 171.010, the Central Oregon Health Council shall report

1 to the Seventy-seventh and Seventy-eighth Legislative Assemblies in the manner provided  
2 by ORS 192.245 about the results of the implementation of the regional health improvement  
3 plan adopted under section 16 of this 2011 Act. The report shall include, but is not limited  
4 to, performance measures of improvement of health outcomes, improvement in care and  
5 reductions in the cost of care.

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

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

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