

**PROPOSED AMENDMENTS TO
HOUSE BILL 2216**

1 On page 1 of the printed bill, delete lines 3 through 6 and insert “414.746
2 and sections 2, 3, 6, 7, 8, 9, 10, 12 and 13, chapter 736, Oregon Laws 2003;
3 repealing ORS 414.746;”.

4 In line 7, delete “Oregon Laws 2009;”.

5 Delete lines 10 through 30 and delete pages 2 through 9 and insert:

6 **“SECTION 1. (1) As used in this section, ‘hospital’ means a hospital
7 that is subject to the assessment imposed under section 2, chapter 736,
8 Oregon Laws 2003.**

9 **“(2) In consultation with the President of the Senate and the
10 Speaker of the House of Representatives, the Director of the Oregon
11 Health Authority shall appoint a hospital performance metrics advi-
12 sory committee consisting of nine members, including:**

13 **“(a) Four members who represent hospitals;**

14 **“(b) Three members who have expertise in measuring health out-
15 comes; and**

16 **“(c) Two members who represent coordinated care organizations.**

17 **“(3) The hospital performance metrics advisory committee shall
18 recommend three to five performance standards that are reasonably
19 attainable by hospitals within the biennium beginning July 1, 2013, and
20 that are consistent with state and national quality standards.**

21 **“(4) The Oregon Health Authority shall adopt by rule the proce-
22 dures for distributing to hospitals the moneys described in section 9**

1 **(2)(d), chapter 736, Oregon Laws 2003, to ensure that such moneys are**
2 **distributed as follows:**

3 **“(a) The authority shall distribute 50 percent of the moneys based**
4 **upon each hospital’s compliance with data submission requirements.**

5 **“(b) The authority shall distribute the remainder of the moneys**
6 **based upon each hospital’s achievement of the performance standards**
7 **recommended by the hospital performance metrics advisory committee**
8 **under subsection (3) of this section.**

9 **“SECTION 2.** Section 2, chapter 736, Oregon Laws 2003, as amended by
10 section 1, chapter 780, Oregon Laws 2007, section 51, chapter 828, Oregon
11 Laws 2009, and section 17, chapter 867, Oregon Laws 2009, is amended to
12 read:

13 **“Sec. 2.** (1) An assessment is imposed on the net revenue of each hospital
14 in this state that is not a waived hospital. The assessment shall be imposed
15 at a rate determined by the Director of the Oregon Health Authority by rule
16 that is the director’s best estimate of the rate needed to fund the services
17 and costs identified in section 9, chapter 736, Oregon Laws 2003. The rate
18 of assessment shall be imposed on the net revenue of each hospital subject
19 to assessment. The director shall consult with representatives of hospitals
20 before setting the assessment.

21 **“(2)** The assessment shall be reported on a form prescribed by the Oregon
22 Health Authority and shall contain the information required to be reported
23 by the authority. The assessment form shall be filed with the authority on
24 or before the 75th day following the end of the calendar quarter for which
25 the assessment is being reported. Except as provided in subsection (6) of this
26 section, the hospital shall pay the assessment at the time the hospital files
27 the assessment report. The payment shall accompany the report.

28 **“(3)(a)** To the extent permitted by federal law, aggregate assessments im-
29 posed under this section may not exceed the total of the following amounts
30 received by the hospitals that are reimbursed by Medicare based on diag-

1 nostic related groups:

2 “[A] *The adjustment to the capitation rate paid to Medicaid managed care*
3 *organizations under section 15, chapter 867, Oregon Laws 2009;*]

4 “[B] (A) 30 percent of payments made to **the** hospitals on a fee-for-
5 service basis by the authority for inpatient hospital services; [and]

6 “[C] (B) 41 percent of payments made to **the** hospitals on a fee-for-
7 service basis by the authority for outpatient hospital services[.]; **and**

8 **“(C) Payments made to the hospitals using a payment methodology**
9 **established by the authority that advances the goals of the Oregon**
10 **Integrated and Coordinated Health Care Delivery System described in**
11 **ORS 414.620 (3).**

12 “(b) Notwithstanding paragraph (a) of this subsection, aggregate assess-
13 ments imposed for the biennium beginning July 1, [2009] **2013**, may exceed
14 the total of the amounts described in paragraph (a) of this subsection to the
15 extent necessary to compensate for any reduction of funding in the
16 legislatively adopted budget for that biennium for hospital services under
17 ORS [414.705 to 414.750] **414.631, 414.651 and 414.688 to 414.750.**

18 “(4) Notwithstanding subsection (3) of this section, a hospital is not
19 guaranteed that any additional moneys paid to the hospital in the form of
20 payments for services shall equal or exceed the amount of the assessment
21 paid by the hospital.

22 “(5) Hospitals operated by the United States Department of Veterans Af-
23 fairs and pediatric specialty hospitals providing care to children at no charge
24 are exempt from the assessment imposed under this section.

25 “(6)(a) The authority shall develop a schedule for collection of the as-
26 sessment for the calendar quarter ending September 30, [2013] **2015**, that will
27 result in the collection occurring between December 15, [2013] **2015**, and the
28 time all Medicaid cost settlements are finalized for that calendar quarter.

29 “(b) The authority shall prescribe by rule criteria for late payment of
30 assessments.

1 **“SECTION 3.** Section 3, chapter 736, Oregon Laws 2003, is amended to
2 read:

3 **“Sec. 3. (1)** Notwithstanding section 2, [*of this 2003 Act*] **chapter 736,**
4 **Oregon Laws 2003,** the Director of [*Human Services*] **the Oregon Health**
5 **Authority** shall reduce the rate of assessment imposed under section 2, [*of*
6 *this 2003 Act*] **chapter 736, Oregon Laws 2003,** to the maximum rate allowed
7 under federal law if the reduction is required to comply with federal law.

8 **“(2) If federal law requires a reduction in the rate of assessments,**
9 **the director shall, after consulting with representatives of the hospi-**
10 **tals that are subject to the assessments, first reduce the distribution**
11 **of moneys described in section 9 (2)(d), chapter 736, Oregon Laws 2003,**
12 **by a corresponding amount.**

13 **“SECTION 4.** Section 6, chapter 736, Oregon Laws 2003, is amended to
14 read:

15 **“Sec. 6. (1)** Any hospital that has paid an amount that is not required
16 under sections 1 to 9, [*of this 2003 Act*] **chapter 736, Oregon Laws 2003,**
17 may file a claim for refund with the [*Department of Human Services*] **Oregon**
18 **Health Authority.**

19 **“(2)** Any hospital that is aggrieved by an action of the [*Department of*
20 *Human Services*] **authority** or by an action of the Director of [*Human Ser-*
21 *vices*] **the Oregon Health Authority** taken pursuant to subsection (1) of
22 this section shall be entitled to notice and an opportunity for a contested
23 case hearing under ORS chapter 183.

24 **“SECTION 5.** Section 7, chapter 736, Oregon Laws 2003, is amended to
25 read:

26 **“Sec. 7.** The [*Department of Human Services*] **Oregon Health Authority**
27 may audit the records of any hospital in this state to determine compliance
28 with sections 1 to 9, [*of this 2003 Act*] **chapter 736, Oregon Laws 2003, and**
29 **section 1 of this 2013 Act.** The [*department*] **authority** may audit records
30 at any time for a period of five years following the date an assessment is due

1 to be reported and paid under section 2, [of this 2003 Act] **chapter 736,**
2 **Oregon Laws 2003.**

3 **“SECTION 6.** Section 8, chapter 736, Oregon Laws 2003, as amended by
4 section 1, chapter 757, Oregon Laws 2005, is amended to read:

5 **“Sec. 8.** Amounts collected by the [*Department of Human Services*]
6 **Oregon Health Authority** from the assessments imposed under section 2,
7 chapter 736, Oregon Laws 2003, shall be deposited in the Hospital Quality
8 Assurance Fund established under section 9, chapter 736, Oregon Laws 2003.

9 **“SECTION 7.** Section 9, chapter 736, Oregon Laws 2003, as amended by
10 section 2, chapter 757, Oregon Laws 2005, section 2, chapter 780, Oregon
11 Laws 2007, section 53, chapter 828, Oregon Laws 2009, section 19, chapter 867,
12 Oregon Laws 2009, and section 59, chapter 602, Oregon Laws 2011, is
13 amended to read:

14 **“Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the
15 State Treasury, separate and distinct from the General Fund. Interest earned
16 by the Hospital Quality Assurance Fund shall be credited to the Hospital
17 Quality Assurance Fund.

18 “(2) Amounts in the Hospital Quality Assurance Fund are continuously
19 appropriated to the Oregon Health Authority for the purpose of:

20 **“(a)** Paying refunds due under section 6, chapter 736, Oregon Laws 2003
21 [, and];

22 **“(b)** Funding services under ORS [414.705 to 414.750] **414.631, 414.651 and**
23 **414.688 to 414.750**, including but not limited to[:]

24 “[a)] increasing reimbursement rates for inpatient and outpatient hospi-
25 tal services under ORS [414.705 to 414.750] **414.631, 414.651 and 414.688 to**
26 **414.750;**

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

29 “[c) *Maintaining or increasing the number of persons described in ORS*
30 *414.025 (3)(s) who are enrolled in the medical assistance program; and*]

1 “[(d)] (c) **Making payments described in section 2 (3)(a)(C), chapter**
2 **736, Oregon Laws 2003;**

3 “(d) **Making distributions, as described in section 1 (4) of this 2013**
4 **Act, of an amount of moneys equal to the federal financial partic-**
5 **ipation received from one percentage point of the rate assessed under**
6 **section 2, chapter 736, Oregon Laws 2003; and**

7 “(e) Paying administrative costs incurred by the authority to administer
8 **section 1 of this 2013 Act and** the assessments imposed under section 2,
9 chapter 736, Oregon Laws 2003.

10 “(3) Except for assessments imposed pursuant to section 2 (3)(b), chapter
11 736, Oregon Laws 2003, the authority may not use moneys from the Hospital
12 Quality Assurance Fund to supplant, directly or indirectly, other moneys
13 made available to fund services described in subsection (2) of this section.

14 “**SECTION 8.** Section 10, chapter 736, Oregon Laws 2003, as amended by
15 section 3, chapter 780, Oregon Laws 2007, and section 20, chapter 867, Oregon
16 Laws 2009, is amended to read:

17 “**Sec. 10.** Sections 1 to 9, chapter 736, Oregon Laws 2003, apply to net
18 revenues earned by hospitals during a period beginning October 1, [2009]
19 **2013**, and ending the earlier of September 30, [2013] **2015**, or the date on
20 which the assessment no longer qualifies for federal [*matching funds*] **fi-**
21 **ncial participation** under Title XIX or **XXI** of the Social Security Act.

22 “**SECTION 9.** Section 12, chapter 736, Oregon Laws 2003, as amended by
23 section 4, chapter 780, Oregon Laws 2007, and section 21, chapter 867, Oregon
24 Laws 2009, is amended to read:

25 “**Sec. 12.** Sections 1 to 9, chapter 736, Oregon Laws 2003, **and section 1**
26 **of this 2013 Act** are repealed on January 2, [2015] **2017**.

27 “**SECTION 10.** Section 13, chapter 736, Oregon Laws 2003, as amended
28 by section 5, chapter 780, Oregon Laws 2007, and section 22, chapter 867,
29 Oregon Laws 2009, is amended to read:

30 “**Sec. 13.** Nothing in the repeal of sections 1 to 9, chapter 736, Oregon

1 Laws 2003, and section 1 of this 2013 Act by section 12, chapter 736, Oregon
2 Laws 2003, affects the imposition and collection of a hospital assessment
3 under sections 1 to 9, chapter 736, Oregon Laws 2003, for a calendar quarter
4 beginning before September 30, [2013] 2015.

5 **“SECTION 11.** ORS 414.746 is amended to read:

6 “414.746. (1) The Oregon Health Authority [*shall*] **may** establish an ad-
7 justment to the payments made to a coordinated care organization [*defined*
8 *in section 9, chapter 867, Oregon Laws 2009*].

9 “(2) The contracts entered into between the authority and coordinated
10 care organizations [*must*] **may** include provisions that ensure that the ad-
11 justment to the payments established under subsection (1) of this section is
12 distributed by the coordinated care organizations to hospitals located in
13 Oregon that receive Medicare reimbursement based upon diagnostic related
14 groups.

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

19 **“SECTION 12.** ORS 414.746 is repealed.

20 **“SECTION 13. (1) The Director of the Oregon Health Authority shall**
21 **apply to the federal Centers for Medicare and Medicaid Services for**
22 **any approval necessary to secure federal financial participation in the**
23 **distributions described in section 9 (2)(d), chapter 736, Oregon Laws**
24 **2003, as amended by section 7 of this 2013 Act, and in using the pay-**
25 **ment methodology described in section 2 (3)(a)(C), chapter 736, Oregon**
26 **Laws 2003, as amended by section 2 of this 2013 Act.**

27 **“(2) The Director of the Oregon Health Authority shall immediately**
28 **notify the Legislative Counsel upon receipt of federal approval or dis-**
29 **approval under this section.**

30 **“SECTION 14. (1) Section 1 of this 2013 Act and the amendments to**

1 **ORS 414.746 and sections 2, 3, 6, 7, 8, 9, 10, 12 and 13, chapter 736,**
2 **Oregon Laws 2003, by sections 2 to 11 of this 2013 Act become operative**
3 **on the date that the Director of the Oregon Health Authority notifies**
4 **the Legislative Counsel that the director received federal approval as**
5 **described in section 13 of this 2013 Act.**

6 **“(2) The repeal of ORS 414.746 by section 12 of this 2013 Act becomes**
7 **operative April 1, 2014.**

8 **“SECTION 15. This 2013 Act takes effect on the 91st day after the**
9 **date on which the 2013 regular session of the Seventy-seventh Legis-**
10 **lative Assembly adjourns sine die.”.**

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