

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

Senate Committee on Senate Health Care

REVENUE: No revenue impact**FISCAL: May have fiscal impact, statement not yet issued****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Zena Rockowitz, Administrator**Meeting Dates:** 3/25

WHAT THE MEASURE DOES: Establishes hospital rate commission in Oregon Health Authority (OHA) to constrain growth of cost of hospitalization, ensure hospitals have financial ability to provide services, increase equity and fairness. Appoints seven members for four year terms including hospital administrators, health care consumers, payers and providers. Requires commission to review hospital charges and recommend to OHA whether to approve each charge. Prohibits hospital from billing without OHA approval, unless charge is equal or less than Medicare payment rate. Specifies when approval is unreasonable. Permits hospital to request open public hearing if commission recommends disapproval of charge. Subjects hospitals to civil penalty for failure to comply. Permits any person to file complaint and allows commission to investigate complaint. Specifies that if charge is found as unreasonable, OHA has 45 days to act. Requires no pecuniary interests. Establishes Hospital Rate Commission Fund. Requires hospital to pay fee to fund determined by commission. Creates operative date of July 1, 2017.

ISSUES DISCUSSED:**EFFECT OF COMMITTEE AMENDMENT:**

BACKGROUND: Health care spending growth outpaces the growth of the overall economy and worker's wages. Annual estimates of Oregon's health care spending range between \$20 to \$25 billion dollars. The federal Government Accountability Office found that meaningful price information is difficult for consumers to obtain prior to receiving health care services. The Center for Medicare and Medicaid Services reports that prices between hospitals for the same services vary dramatically, even within the same city. Presently, 34 states require hospitals to report certain charges and reimbursement rates in order to constrain hospital costs, provide financial stability for hospitals and offer quality care. Maryland has in place a Health Services Cost Review Commission which serves as an independent state agency to authorize and establish hospital rates. Oregon is one of 12 states which maintain an all-payer claims database. Senate Bill 2009 in 2009 created the Oregon All-Payer All-Claims Data Reporting Program (APAC) to collect health insurance data (e.g., medical and pharmacy claims) from health insurance carriers and third party administrators. Oregon hospitals also submit monthly utilization and financial summaries.