

# House Bill 2204

Sponsored by Representative GREENLICK (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 **as introduced**.

Repeals sunset on hospital assessment.  
Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to hospital assessment; creating new provisions; amending sections 2 and 9, chapter 736,  
3 Oregon Laws 2003, and sections 13 and 25, chapter 608, Oregon Laws 2013; repealing sections  
4 10, 12, 13 and 14, chapter 736, Oregon Laws 2003; prescribing an effective date; and providing  
5 for revenue raising that requires approval by a three-fifths majority.

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

6 **SECTION 1.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,  
7 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws  
8 2009, and section 2, chapter 608, Oregon Laws 2013, is amended to read:  
9

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

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

22 (3)[(a)] To the extent permitted by federal law, aggregate assessments imposed under this section  
23 may not exceed the total of the following amounts received by the hospitals that are reimbursed by  
24 Medicare based on diagnostic related groups:

25 [(A)] (a) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority  
26 for inpatient hospital services;

27 [(B)] (b) 41 percent of payments made to the hospitals on a fee-for-service basis by the authority  
28 for outpatient hospital services; and

29 [(C)] (c) Payments made to the hospitals using a payment methodology established by the au-  
30 thority that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery  
31 System described in ORS 414.620 (3).

**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       **[(b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed for the**  
 2 **biennium beginning July 1, 2013, may exceed the total of the amounts described in paragraph (a) of this**  
 3 **subsection to the extent necessary to compensate for any reduction of funding in the legislatively**  
 4 **adopted budget for that biennium for hospital services under ORS 414.631, 414.651 and 414.688 to**  
 5 **414.750.]**

6       (4) Notwithstanding subsection (3) of this section, a hospital is not guaranteed that any addi-  
 7 tional moneys paid to the hospital in the form of payments for services shall equal or exceed the  
 8 amount of the assessment paid by the hospital.

9       (5) Hospitals operated by the United States Department of Veterans Affairs and pediatric spe-  
 10 cialty hospitals providing care to children at no charge are exempt from the assessment imposed  
 11 under this section.

12       (6)(a) The authority shall develop a schedule for collection of the assessment for *[the]* **each**  
 13 calendar quarter ending September 30~~[, 2015,]~~ that will result in the collection occurring between  
 14 December 15~~[, 2015,]~~ and the time all Medicaid cost settlements are finalized for that calendar  
 15 quarter.

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

17       **SECTION 2.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,  
 18 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws  
 19 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, and  
 20 section 7, chapter 608, Oregon Laws 2013, is amended to read:

21       **Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate  
 22 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall  
 23 be credited to the Hospital Quality Assurance Fund.

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

26       (a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

27       (b) Funding services under ORS 414.631, 414.651 and 414.688 to ~~[414.750]~~ **414.745**, including but  
 28 not limited to increasing reimbursement rates for inpatient and outpatient hospital services under  
 29 ORS 414.631, 414.651 and 414.688 to ~~[414.750]~~ **414.745**;

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

31       (d) Making distributions, as described in section 1 (4) ~~[of this 2013 Act]~~, **chapter 608, Oregon**  
 32 **Laws 2013**, of an amount of moneys equal to the federal financial participation received from one  
 33 percentage point of the rate assessed under section 2, chapter 736, Oregon Laws 2003; and

34       (e) Paying administrative costs incurred by the authority to administer section 1 ~~[of this 2013~~  
 35 ~~Act]~~, **chapter 608, Oregon Laws 2013**, and the assessments imposed under section 2, chapter 736,  
 36 Oregon Laws 2003.

37       (3) ~~[Except for assessments imposed pursuant to section 2 (3)(b), chapter 736, Oregon Laws 2003,]~~  
 38 The authority may not use moneys from the Hospital Quality Assurance Fund to supplant, directly  
 39 or indirectly, other moneys made available to fund services described in subsection (2) of this sec-  
 40 tion.

41       **SECTION 3.** Section 13, chapter 608, Oregon Laws 2013, is amended to read:

42       **Sec. 13.** (1) The Director of the Oregon Health Authority shall apply to the federal Centers for  
 43 Medicare and Medicaid Services for any approval necessary to secure federal financial participation  
 44 in the distributions described in section 9 (2)(d), chapter 736, Oregon Laws 2003, as amended by  
 45 section 7 ~~[of this 2013 Act]~~, **chapter 608, Oregon Laws 2013**, and in using the payment methodology

1 described in section 2 [(3)(a)(C)] **(3)(c)**, chapter 736, Oregon Laws 2003, as amended by section 2 [of  
2 *this 2013 Act*], **chapter 608, Oregon Laws 2013.**

3 (2) The Director of the Oregon Health Authority shall immediately notify the Legislative Coun-  
4 sel upon receipt of federal approval or disapproval under this section.

5 **SECTION 4.** Section 25, chapter 608, Oregon Laws 2013, is amended to read:

6 **Sec. 25.** [(1) *Section 1 of this 2013 Act and the amendments to ORS 414.746 and sections 2, 3, 6,*  
7 *7, 8, 9, 10, 12 and 13, chapter 736, Oregon Laws 2003, by sections 2 to 11 of this 2013 Act become*  
8 *operative on the date that the Director of the Oregon Health Authority notifies the Legislative Counsel*  
9 *that the director received federal approval as described in section 13 of this 2013 Act.*]

10 [(2)] The repeal of ORS 414.746 by section 12 [*of this 2013 Act*], **chapter 608, Oregon Laws 2013,**  
11 becomes operative April 1, 2014.

12 **SECTION 5.** (1) **Section 10, chapter 736, Oregon Laws 2003, as amended by section 3,**  
13 **chapter 780, Oregon Laws 2007, section 20, chapter 867, Oregon Laws 2009, and section 8,**  
14 **chapter 608, Oregon Laws 2013, is repealed.**

15 (2) **Section 12, chapter 736, Oregon Laws 2003, as amended by section 4, chapter 780,**  
16 **Oregon Laws 2007, section 21, chapter 867, Oregon Laws 2009, and section 9, chapter 608,**  
17 **Oregon Laws 2013, is repealed.**

18 (3) **Section 13, chapter 736, Oregon Laws 2003, as amended by section 5, chapter 780,**  
19 **Oregon Laws 2007, section 22, chapter 867, Oregon Laws 2009, and section 10, chapter 608,**  
20 **Oregon Laws 2013, is repealed.**

21 (4) **Section 14, chapter 736, Oregon Laws 2003, as amended by section 6, chapter 780,**  
22 **Oregon Laws 2007, and section 23, chapter 867, Oregon Laws 2009, is repealed.**

23 **SECTION 6.** This 2015 Act takes effect on the 91st day after the date on which the 2015  
24 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.  
25