

Enrolled
House Bill 2395

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber, M.D.)

CHAPTER

AN ACT

Relating to state medical assistance program funding; creating new provisions; amending sections 2, 10, 12, 13 and 14, chapter 736, Oregon Laws 2003, and sections 1 and 25, chapter 608, Oregon Laws 2013; repealing section 7, chapter 886, Oregon Laws 2009; declaring an emergency; and providing for revenue raising that requires approval by a three-fifths majority.

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

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

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

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

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

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

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

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

(b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed [*for the biennium beginning*] **on or after** July 1, [2013] **2015**, may exceed the total of the amounts described in paragraph (a) of this subsection to the extent necessary to compensate for any reduction of

funding in the legislatively adopted budget [for that biennium] for hospital services under ORS [414.705 to 414.750] **414.631, 414.651 and 414.688 to 414.745.**

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

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

(6)(a) The authority shall develop a schedule for collection of the assessment for the calendar quarter ending September 30, [2015] **2019**, that will result in the collection occurring between December 15, [2015] **2019**, and the time all Medicaid cost settlements are finalized for that calendar quarter.

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

SECTION 2. Section 10, chapter 736, Oregon Laws 2003, as amended by section 3, chapter 780, Oregon Laws 2007, section 20, chapter 867, Oregon Laws 2009, and section 8, chapter 608, Oregon Laws 2013, is amended to read:

Sec. 10. Sections 1 to 9, chapter 736, Oregon Laws 2003, apply to net revenues earned by hospitals during a period beginning October 1, [2013] **2015**, and ending the earlier of September 30, [2015] **2019**, or the date on which the assessment no longer qualifies for federal financial participation under Title XIX or XXI of the Social Security Act.

SECTION 3. Section 12, chapter 736, Oregon Laws 2003, as amended by section 4, chapter 780, Oregon Laws 2007, section 21, chapter 867, Oregon Laws 2009, and section 9, chapter 608, Oregon Laws 2013, is amended to read:

Sec. 12. Sections 1 to 9, chapter 736, Oregon Laws 2003, and section 1, chapter 608, Oregon Laws 2013, are repealed on January 2, [2017] **2024**.

SECTION 4. Section 13, chapter 736, Oregon Laws 2003, as amended by section 5, chapter 780, Oregon Laws 2007, section 22, chapter 867, Oregon Laws 2009, and section 10, chapter 608, Oregon Laws 2013, is amended to read:

Sec. 13. Nothing in the repeal of sections 1 to 9, chapter 736, Oregon Laws 2003, and section 1, chapter 608, Oregon Laws 2013, by section 12, chapter 736, Oregon Laws 2003, affects the imposition and collection of a hospital assessment under sections 1 to 9, chapter 736, Oregon Laws 2003, for a calendar quarter beginning before September 30, [2015] **2019**.

SECTION 5. Section 14, chapter 736, Oregon Laws 2003, as amended by section 6, chapter 780, Oregon Laws 2007, and section 23, chapter 867, Oregon Laws 2009, is amended to read:

Sec. 14. Any moneys remaining in the Hospital Quality Assurance Fund on December 31, [2017] **2023**, are transferred to the General Fund.

SECTION 6. Section 1, chapter 608, Oregon Laws 2013, is amended to read:

Sec. 1. (1) As used in this section[,];

(a) **“Coordinated care organization” has the meaning given that term in ORS 414.025.**

(b) **“Hospital” means a hospital that is subject to the assessment imposed under section 2, chapter 736, Oregon Laws 2003.**

(c) **“Metrics and scoring committee” means the committee created in ORS 414.638.**

(2) In consultation with the President of the Senate and the Speaker of the House of Representatives, the Director of the Oregon Health Authority shall appoint a hospital performance metrics advisory committee consisting of nine members, including:

(a) Four members who represent hospitals;

(b) Three members who have expertise in measuring health outcomes; and

(c) Two members who represent coordinated care organizations.

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

(4) The Oregon Health Authority shall adopt by rule the procedures for distributing to hospitals the moneys described in section 9 (2)(d), chapter 736, Oregon Laws 2003, to ensure that such moneys are distributed as follows:

(a) The authority shall distribute 50 percent of the moneys based upon each hospital's:

(A) Compliance with data submission requirements[.]; **and**

[(b)] (B) [The authority shall distribute the remainder of the moneys based upon each hospital's] Achievement of the performance standards recommended by the hospital performance metrics advisory committee under subsection (3) of this section.

(b) **The authority shall annually distribute the remainder of the moneys to coordinated care organizations based upon recommendations made by the metrics and scoring committee.**

SECTION 7. Section 25, chapter 608, Oregon Laws 2013, is amended to read:

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

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

SECTION 8. (1) The Director of the Oregon Health Authority shall reapply to the federal Centers for Medicare and Medicaid Services for any approval necessary to continue federal financial participation in the distribution of moneys as described in section 1, chapter 608, Oregon Laws 2013, as amended by section 6 of this 2015 Act.

(2) The director shall notify the Legislative Counsel upon receipt of federal approval or disapproval of the application described in subsection (1) of this section.

SECTION 9. Section 7, chapter 886, Oregon Laws 2009, as amended by section 2, chapter 27, Oregon Laws 2013, is repealed.

SECTION 10. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Passed by House March 11, 2015

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate March 17, 2015

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2015

Approved:

.....M.,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State