House Bill 2570

Sponsored by Representative WILLIAMSON; Representative HUFFMAN (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.

Creates new category of ambulatory surgical centers for licensing purposes. Specifies requirements.

Declares emergency, effective on passage.

A BILL FOR AN ACT

- Relating to ambulatory surgical centers; creating new provisions; amending ORS 441.020, 441.086 and 442.015; and declaring an emergency.
- 4 Be It Enacted by the People of the State of Oregon:
 - **SECTION 1.** ORS 441.086 is amended to read:
 - 441.086. (1) An ambulatory surgical center shall evaluate all of a patient's risk factors before permitting a surgical procedure to be performed on the patient in the facility.
 - (2) An ambulatory surgical center shall post a notice in the facility, in a prominent place and in prominent font size, advising patients of the manner in which patients may express concerns regarding the ambulatory surgical center and services provided at the ambulatory surgical center. The posting must include but need not be limited to the address and telephone number for contacting the Oregon Health Authority to express the concerns.
 - (3) The authority shall adopt rules classifying ambulatory surgical centers in three categories:
 - (a) Certified ambulatory surgical centers, which must comply with federal Centers for Medicare and Medicaid Services rules, 42 C.F.R. 416 and rules adopted by the authority;
 - (b) High complexity noncertified ambulatory surgical centers, which must comply with rules adopted by the authority; and
 - (c) Moderate complexity noncertified ambulatory surgical centers, which must comply with rules adopted by the authority and which may use only conscious sedation and analgesia.
 - (4) An ambulatory surgical center that includes a convalescent center shall, in addition to complying with all other requirements imposed by law on an ambulatory surgical center:
 - (a) Ensure that each patient is promptly and safely transferred between the ambulatory surgical center and the convalescent center and that during the transfer the patient has identification visible;
 - (b) Have written policies and procedures regarding the provision of direct patient care, including, but not limited to:
 - (A) The handling of medical emergencies;
 - (B) The coordination of care across multiple disciplines, as applicable; and
 - (C) Initial patient assessments and care plans and revisions of the assessments and plans;
 - (c) Contract for services only by means of a written agreement that includes the name of the owner or corporate officer authorized to sign the agreement and includes provisions

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

5

6 7

8

9

10

11 12

13 14

15

16 17

18 19

20

21

22

23

24

25

26

27

28 29

30

to ensure quality control; and

1 2

3

4

5

6 7

8 9

10

11 12

13

14 15

16

17 18

19

20

21 22

23

24

25

2627

28

29 30

31

32

33 34

35 36

37

38 39

40

41

42

43

- (d) Provide food service to patients admitted to the convalescent center in a manner the complies with all of the following:
- (A) Food shall be prepared and served by individuals who have the appropriate training in storing, preparing and serving food, so as to prevent food-borne illness.
- (B) Meals shall be prepared, stored and served in a manner that prevents food-borne illness.
- (C) The food service area shall be separate from the employee lounge or other similar areas designated for use by employees of the facility;
- (D) Until the facility develops and implements policies and procedures to ensure compliance with the requirements described in subparagraphs (A) and (B) of this paragraph, all food served shall be prepackaged and heated by microwave and all products used in preparing and serving food shall be disposable and disposed of properly.
- (5) The requirements of subsection (4)(d) of this section may be met by an alternative method of food preparation and service, approved by the authority.

SECTION 2. ORS 441.020 is amended to read:

- 441.020. (1) Licenses for health care facilities, except long term facilities as defined in ORS 442.015, must be obtained from the Oregon Health Authority.
- (2) Licenses for long term care facilities must be obtained from the Department of Human Services.
- (3) Applications shall be upon such forms and shall contain such information as the authority or the department may reasonably require, which may include affirmative evidence of ability to comply with such reasonable standards and rules as may lawfully be prescribed under ORS 441.025.
- (4) Each application shall be accompanied by the license fee. If the license is denied, the fee shall be refunded to the applicant. Except as provided in subsection [(15)] (16) of this section, if the license is issued, the fee shall be paid into the State Treasury to the credit of:
- (a) The Oregon Health Authority Fund for the purpose of carrying out the functions of the Oregon Health Authority under ORS 441.015 to 441.063; or
- (b) The Department of Human Services Account for the purpose of carrying out the functions of the Department of Human Services under ORS 441.015 to 441.063 and 431.575 to 431.619.
 - (5) Except as otherwise provided in subsection (8) of this section, for hospitals with:
 - (a) Fewer than 26 beds, the annual license fee shall be \$1,250.
 - (b) Twenty-six beds or more but fewer than 50 beds, the annual license fee shall be \$1,850.
 - (c) Fifty or more beds but fewer than 100 beds, the annual license fee shall be \$3,800.
 - (d) One hundred beds or more but fewer than 200 beds, the annual license fee shall be \$6,525.
- (e) Two hundred or more beds, but fewer than 500 beds, the annual license fee shall be \$8,500.
 - (f) Five hundred or more beds, the annual license fee shall be \$12,070.
- (6) A hospital shall pay an annual fee of \$750 for each hospital satellite indorsed under its license.
 - (7) The authority may charge a reduced hospital fee or hospital satellite fee if the authority determines that charging the standard fee constitutes a significant financial burden to the facility.
 - (8) For long term care facilities with:
 - (a) One to 15 beds, the annual license fee shall be \$180.
- 44 (b) Sixteen to 49 beds, the annual license fee shall be \$260.
- 45 (c) Fifty to 99 beds, the annual license fee shall be \$520.

- 1 (d) One hundred to 150 beds, the annual license fee shall be \$670.
 - (e) More than 150 beds, the annual license fee shall be \$750.

- (9) For ambulatory surgical centers, the annual license fee shall be:
- 4 (a) \$1,750 for certified and high complexity noncertified ambulatory surgical centers with more than two procedure rooms.
 - (b) \$1,250 for certified and high complexity noncertified ambulatory surgical centers with no more than two procedure rooms.
 - (c) \$1,000 for moderate complexity noncertified ambulatory surgical centers.
 - (10) For an ambulatory surgical center that includes a convalescent center, the annual license fee shall include \$1,800 in addition to the fee prescribed in subsection (9) of this section.
 - [(10)] (11) For birthing centers, the annual license fee shall be \$750.
 - [(11)] (12) For outpatient renal dialysis facilities, the annual license fee shall be \$2,000.
 - [(12)] (13) During the time the licenses remain in force, holders are not required to pay inspection fees to any county, city or other municipality.
 - [(13)] (14) Any health care facility license may be indorsed to permit operation at more than one location. If so, the applicable license fee shall be the sum of the license fees that would be applicable if each location were separately licensed. The authority may include hospital satellites on a hospital's license in accordance with rules adopted by the authority.
 - [(14)] (15) Licenses for health maintenance organizations shall be obtained from the Director of the Department of Consumer and Business Services pursuant to ORS 731.072.
 - [(15)] (16) All moneys received pursuant to subsection (8) of this section shall be deposited in the Quality Care Fund established in ORS 443.001.
 - [(16)] (17) As used in this section:
 - (a) "Hospital satellite" has the meaning prescribed by the authority by rule.
 - (b) "Procedure room" means a room where surgery or invasive procedures are performed.
 - **SECTION 3.** ORS 442.015 is amended to read:
 - 442.015. As used in ORS chapter 441 and this chapter, unless the context requires otherwise:
 - (1) "Acquire" or "acquisition" means obtaining equipment, supplies, components or facilities by any means, including purchase, capital or operating lease, rental or donation, for the purpose of using such equipment, supplies, components or facilities to provide health services in Oregon. When equipment or other materials are obtained outside of this state, acquisition is considered to occur when the equipment or other materials begin to be used in Oregon for the provision of health services or when such services are offered for use in Oregon.
 - (2) "Affected persons" has the same meaning as given to "party" in ORS 183.310.
 - (3)(a) "Ambulatory surgical center" means a facility or portion of a facility that [operates exclusively for the purpose of providing surgical services to patients who do not require hospitalization and for whom the expected duration of services does not exceed 24 hours following admission] provides only outpatient surgical services, which may include convalescent care.
 - (b) "Ambulatory surgical center" does not mean:
 - (A) Individual or group practice offices of private physicians or dentists that do not contain a distinct area used for outpatient surgical treatment on a regular and organized basis, or that only provide surgery routinely provided in a physician's or dentist's office using local anesthesia or conscious sedation; or
 - (B) A portion of a licensed hospital designated for outpatient surgical treatment.

- (4) "Convalescent care" means care provided to a patient who is expected to have an uncomplicated recovery following a surgical or diagnostic procedure and who does not require hospitalization.
- (5) "Convalescent center" means the part of an ambulatory surgical center that provides convalescent care.
- [(4)] (6) "Delegated credentialing agreement" means a written agreement between an originating-site hospital and a distant-site hospital that provides that the medical staff of the originating-site hospital will rely upon the credentialing and privileging decisions of the distant-site hospital in making recommendations to the governing body of the originating-site hospital as to whether to credential a telemedicine provider, practicing at the distant-site hospital either as an employee or under contract, to provide telemedicine services to patients in the originating-site hospital.
- [(5)] (7) "Develop" means to undertake those activities that on their completion will result in the offer of a new institutional health service or the incurring of a financial obligation, as defined under applicable state law, in relation to the offering of such a health service.
- [(6)] (8) "Distant-site hospital" means the hospital where a telemedicine provider, at the time the telemedicine provider is providing telemedicine services, is practicing as an employee or under contract.
- [(7)] (9) "Essential long term care facility" means an individual long term care facility that serves predominantly rural and frontier communities, as designated by the Office of Rural Health, and meets other criteria established by the Department of Human Services by rule.
- [(8)] (10) "Expenditure" or "capital expenditure" means the actual expenditure, an obligation to an expenditure, lease or similar arrangement in lieu of an expenditure, and the reasonable value of a donation or grant in lieu of an expenditure but not including any interest thereon.
- [(9)] (11) "Freestanding birthing center" means a facility licensed for the primary purpose of performing low risk deliveries.
- [(10)] (12) "Governmental unit" means the state, or any county, municipality or other political subdivision, or any related department, division, board or other agency.
- [(11)] (13) "Gross revenue" means the sum of daily hospital service charges, ambulatory service charges, ancillary service charges and other operating revenue. "Gross revenue" does not include contributions, donations, legacies or bequests made to a hospital without restriction by the donors.

[(12)(a)] (14)(a) "Health care facility" means:

(A) A hospital;

- (B) A long term care facility;
- (C) An ambulatory surgical center;
- (D) A freestanding birthing center; or
- (E) An outpatient renal dialysis center.
- (b) "Health care facility" does not mean:
- (A) A residential facility licensed by the Department of Human Services or the Oregon Health Authority under ORS 443.415;
 - (B) An establishment furnishing primarily domiciliary care as described in ORS 443.205;
 - (C) A residential facility licensed or approved under the rules of the Department of Corrections;
 - (D) Facilities established by ORS 430.335 for treatment of substance abuse disorders; or
- (E) Community mental health programs or community developmental disabilities programs established under ORS 430.620.

- 1 [(13)] (15) "Health maintenance organization" or "HMO" means a public organization or a pri-2 vate organization organized under the laws of any state that:
 - (a) Is a qualified HMO under section 1310 (d) of the U.S. Public Health Services Act; or
- 4 (b)(A) Provides or otherwise makes available to enrolled participants health care services, in-5 cluding at least the following basic health care services:
 - (i) Usual physician services;
- 7 (ii) Hospitalization;
- 8 (iii) Laboratory;
- 9 (iv) X-ray;

6

12

13

14

15

16 17

18

19

20

21 22

23

2425

27

29

30

33 34

35

36 37

38

39

42

43

44

- 10 (v) Emergency and preventive services; and
- 11 (vi) Out-of-area coverage;
 - (B) Is compensated, except for copayments, for the provision of the basic health care services listed in subparagraph (A) of this paragraph to enrolled participants on a predetermined periodic rate basis; and
 - (C) Provides physicians' services primarily directly through physicians who are either employees or partners of such organization, or through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice basis.
 - [(14)] (16) "Health services" means clinically related diagnostic, treatment or rehabilitative services, and includes alcohol, drug or controlled substance abuse and mental health services that may be provided either directly or indirectly on an inpatient or ambulatory patient basis.
 - [(15)] (17) "Hospital" means:
 - (a) A facility with an organized medical staff and a permanent building that is capable of providing 24-hour inpatient care to two or more individuals who have an illness or injury and that provides at least the following health services:
 - (A) Medical;
- 26 (B) Nursing;
 - (C) Laboratory;
- 28 (D) Pharmacy; and
 - (E) Dietary; or
 - (b) A special inpatient care facility as that term is defined by the authority by rule.
- [(16)] (18) "Institutional health services" means health services provided in or through health care facilities and includes the entities in or through which such services are provided.
 - [(17)] (19) "Intermediate care facility" means a facility that provides, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment that a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services above the level of room and board that can be made available to them only through institutional facilities.
 - [(18)(a)] (20)(a) "Long term care facility" means a permanent facility with inpatient beds, providing:
- 40 (A) Medical services, including nursing services but excluding surgical procedures except as 41 may be permitted by the rules of the Director of Human Services; and
 - (B) Treatment for two or more unrelated patients.
 - (b) "Long term care facility" includes skilled nursing facilities and intermediate care facilities but does not include facilities licensed and operated pursuant to ORS 443.400 to 443.455.
 - [(19)] (21) "New hospital" means:

- (a) A facility that did not offer hospital services on a regular basis within its service area within the prior 12-month period and is initiating or proposing to initiate such services; or
- (b) Any replacement of an existing hospital that involves a substantial increase or change in the services offered.
- [(20)] (22) "New skilled nursing or intermediate care service or facility" means a service or facility that did not offer long term care services on a regular basis by or through the facility within the prior 12-month period and is initiating or proposing to initiate such services. "New skilled nursing or intermediate care service or facility" also includes the rebuilding of a long term care facility, the relocation of buildings that are a part of a long term care facility, the relocation of long term care beds from one facility to another or an increase in the number of beds of more than 10 or 10 percent of the bed capacity, whichever is the lesser, within a two-year period in a facility that applied for a certificate of need between August 1, 2011, and December 1, 2012, or submitted a letter of intent under ORS 442.315 (7) between January 15, 2013, and January 31, 2013.
- [(21)] (23) "Offer" means that the health care facility holds itself out as capable of providing, or as having the means for the provision of, specified health services.
- [(22)] (24) "Originating-site hospital" means a hospital in which a patient is located while receiving telemedicine services.
- [(23)] (25) "Outpatient renal dialysis facility" means a facility that provides renal dialysis services directly to outpatients.
- [(24)] (26) "Person" means an individual, a trust or estate, a partnership, a corporation (including associations, joint stock companies and insurance companies), a state, or a political subdivision or instrumentality, including a municipal corporation, of a state.
- [(25)] (27) "Skilled nursing facility" means a facility or a distinct part of a facility, that is primarily engaged in providing to inpatients skilled nursing care and related services for patients who require medical or nursing care, or an institution that provides rehabilitation services for the rehabilitation of individuals who are injured or sick or who have disabilities.
- [(26)] (28) "Telemedicine" means the provision of health services to patients by physicians and health care practitioners from a distance using electronic communications.
- **SECTION 4.** ORS 442.015, as amended by section 22, chapter 608, Oregon Laws 2013, is amended to read:
 - 442.015. As used in ORS chapter 441 and this chapter, unless the context requires otherwise:
- (1) "Acquire" or "acquisition" means obtaining equipment, supplies, components or facilities by any means, including purchase, capital or operating lease, rental or donation, for the purpose of using such equipment, supplies, components or facilities to provide health services in Oregon. When equipment or other materials are obtained outside of this state, acquisition is considered to occur when the equipment or other materials begin to be used in Oregon for the provision of health services or when such services are offered for use in Oregon.
 - (2) "Affected persons" has the same meaning as given to "party" in ORS 183.310.
- (3)(a) "Ambulatory surgical center" means a facility or portion of a facility that [operates exclusively for the purpose of providing surgical services to patients who do not require hospitalization and for whom the expected duration of services does not exceed 24 hours following admission] provides only outpatient surgical services, which may include convalence care.
 - (b) "Ambulatory surgical center" does not mean:
- (A) Individual or group practice offices of private physicians or dentists that do not contain a distinct area used for outpatient surgical treatment on a regular and organized basis, or that only

- provide surgery routinely provided in a physician's or dentist's office using local anesthesia or conscious sedation; or
 - (B) A portion of a licensed hospital designated for outpatient surgical treatment.
 - (4) "Convalescent care" means care provided to a patient who is expected to have an uncomplicated recovery following a surgical or diagnostic procedure and who does not require hospitalization for more than 24 hours.
- (5) "Convalescent center" means the part of an ambulatory surgical center that provides convalescent care.
- [(4)] (6) "Delegated credentialing agreement" means a written agreement between an originating-site hospital and a distant-site hospital that provides that the medical staff of the originating-site hospital will rely upon the credentialing and privileging decisions of the distant-site hospital in making recommendations to the governing body of the originating-site hospital as to whether to credential a telemedicine provider, practicing at the distant-site hospital either as an employee or under contract, to provide telemedicine services to patients in the originating-site hospital.
- [(5)] (7) "Develop" means to undertake those activities that on their completion will result in the offer of a new institutional health service or the incurring of a financial obligation, as defined under applicable state law, in relation to the offering of such a health service.
- [(6)] (8) "Distant-site hospital" means the hospital where a telemedicine provider, at the time the telemedicine provider is providing telemedicine services, is practicing as an employee or under contract.
- [(7)] (9) "Expenditure" or "capital expenditure" means the actual expenditure, an obligation to an expenditure, lease or similar arrangement in lieu of an expenditure, and the reasonable value of a donation or grant in lieu of an expenditure but not including any interest thereon.
- [(8)] (10) "Freestanding birthing center" means a facility licensed for the primary purpose of performing low risk deliveries.
- [(9)] (11) "Governmental unit" means the state, or any county, municipality or other political subdivision, or any related department, division, board or other agency.
- [(10)] (12) "Gross revenue" means the sum of daily hospital service charges, ambulatory service charges, ancillary service charges and other operating revenue. "Gross revenue" does not include contributions, donations, legacies or bequests made to a hospital without restriction by the donors.
 - [(11)(a)] (13)(a) "Health care facility" means:
- (A) A hospital;

- (B) A long term care facility;
- 35 (C) An ambulatory surgical center;
 - (D) A freestanding birthing center; or
 - (E) An outpatient renal dialysis center.
 - (b) "Health care facility" does not mean:
 - (A) A residential facility licensed by the Department of Human Services or the Oregon Health Authority under ORS 443.415;
 - (B) An establishment furnishing primarily domiciliary care as described in ORS 443.205;
 - (C) A residential facility licensed or approved under the rules of the Department of Corrections;
 - (D) Facilities established by ORS 430.335 for treatment of substance abuse disorders; or
 - (E) Community mental health programs or community developmental disabilities programs established under ORS 430.620.

- 1 [(12)] (14) "Health maintenance organization" or "HMO" means a public organization or a pri-2 vate organization organized under the laws of any state that:
 - (a) Is a qualified HMO under section 1310 (d) of the U.S. Public Health Services Act; or
- 4 (b)(A) Provides or otherwise makes available to enrolled participants health care services, in-5 cluding at least the following basic health care services:
 - (i) Usual physician services;
- 7 (ii) Hospitalization;
- 8 (iii) Laboratory;
- 9 (iv) X-ray;

6

12

13

14

15

16 17

18

19

20

21 22

23

24

29

30

33 34

35

36 37

38

39

42

- 10 (v) Emergency and preventive services; and
- 11 (vi) Out-of-area coverage;
 - (B) Is compensated, except for copayments, for the provision of the basic health care services listed in subparagraph (A) of this paragraph to enrolled participants on a predetermined periodic rate basis; and
 - (C) Provides physicians' services primarily directly through physicians who are either employees or partners of such organization, or through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice basis.
 - [(13)] (15) "Health services" means clinically related diagnostic, treatment or rehabilitative services, and includes alcohol, drug or controlled substance abuse and mental health services that may be provided either directly or indirectly on an inpatient or ambulatory patient basis.
 - [(14)] (16) "Hospital" means:
 - (a) A facility with an organized medical staff and a permanent building that is capable of providing 24-hour inpatient care to two or more individuals who have an illness or injury and that provides at least the following health services:
- 25 (A) Medical;
- 26 (B) Nursing;
- 27 (C) Laboratory;
- 28 (D) Pharmacy; and
 - (E) Dietary; or
 - (b) A special inpatient care facility as that term is defined by the authority by rule.
- [(15)] (17) "Institutional health services" means health services provided in or through health care facilities and includes the entities in or through which such services are provided.
 - [(16)] (18) "Intermediate care facility" means a facility that provides, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment that a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services above the level of room and board that can be made available to them only through institutional facilities.
 - [(17)(a)] (19)(a) "Long term care facility" means a permanent facility with inpatient beds, providing:
- 40 (A) Medical services, including nursing services but excluding surgical procedures except as 41 may be permitted by the rules of the Director of Human Services; and
 - (B) Treatment for two or more unrelated patients.
- 43 (b) "Long term care facility" includes skilled nursing facilities and intermediate care facilities 44 but does not include facilities licensed and operated pursuant to ORS 443.400 to 443.455.
 - [(18)] (20) "New hospital" means:

- (a) A facility that did not offer hospital services on a regular basis within its service area within the prior 12-month period and is initiating or proposing to initiate such services; or
- (b) Any replacement of an existing hospital that involves a substantial increase or change in the services offered.
- [(19)] (21) "New skilled nursing or intermediate care service or facility" means a service or facility that did not offer long term care services on a regular basis by or through the facility within the prior 12-month period and is initiating or proposing to initiate such services. "New skilled nursing or intermediate care service or facility" also includes the rebuilding of a long term care facility, the relocation of buildings that are a part of a long term care facility, the relocation of long term care beds from one facility to another or an increase in the number of beds of more than 10 or 10 percent of the bed capacity, whichever is the lesser, within a two-year period.
- [(20)] (22) "Offer" means that the health care facility holds itself out as capable of providing, or as having the means for the provision of, specified health services.
- [(21)] (23) "Originating-site hospital" means a hospital in which a patient is located while receiving telemedicine services.
- [(22)] (24) "Outpatient renal dialysis facility" means a facility that provides renal dialysis services directly to outpatients.
- [(23)] (25) "Person" means an individual, a trust or estate, a partnership, a corporation (including associations, joint stock companies and insurance companies), a state, or a political subdivision or instrumentality, including a municipal corporation, of a state.
- [(24)] (26) "Skilled nursing facility" means a facility or a distinct part of a facility, that is primarily engaged in providing to inpatients skilled nursing care and related services for patients who require medical or nursing care, or an institution that provides rehabilitation services for the rehabilitation of individuals who are injured or sick or who have disabilities.
- [(25)] (27) "Telemedicine" means the provision of health services to patients by physicians and health care practitioners from a distance using electronic communications.
- SECTION 5. (1) The amendments to ORS 441.020, 441.086 and 442.015 by sections 1 to 3 of this 2015 Act become operative on January 1, 2016.
- (2) The Oregon Health Authority may take any action prior to January 1, 2016, that is necessary to implement on and after January 1, 2016, the amendments to ORS 441.020, 441.086 and 442.015 by sections 1 to 3 of this 2015 Act.
- <u>SECTION 6.</u> 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.