

# Senate Bill 678

Sponsored by Senator BATES

## 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**.

Removes exemption from mandated noncontracting hospital reimbursement rate for type A and B hospitals. Decouples noncontracting hospital reimbursement rate from Medicare rate beginning in 2017. Corrects references.

Repeals sunset on noncontracting hospital reimbursement rate.

## A BILL FOR AN ACT

1  
2 Relating to hospitals; amending ORS 414.743; and repealing section 7, chapter 886, Oregon Laws  
3 2009.

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

5 **SECTION 1.** ORS 414.743 is amended to read:

6 414.743. (1) Except as provided in subsection (2) of this section, a coordinated care organization  
7 that does not have a contract with a hospital to provide inpatient or outpatient hospital services  
8 under [*ORS 414.631, 414.651 and 414.688 to 414.745 must, using Medicare payment methodology, re-*  
9 *imburse the noncontracting hospital for services provided to an enrollee of the plan at a rate no less*  
10 *than a percentage of the Medicare reimbursement rate for those services. The percentage of the Medi-*  
11 *care reimbursement rate that is used to determine the reimbursement rate under this subsection is equal*  
12 *to four percentage points less than the percentage of Medicare cost used by the Authority in calculating*  
13 *the base hospital capitation payment to the plan, excluding any supplemental payments]* **this chapter**  
14 **must reimburse the noncontracting hospital for services provided to a member of the or-**  
15 **ganization at the rate adopted by the Oregon Health Authority by rule in accordance with**  
16 **subsection (5) of this section.**

17 (2)(a) If a coordinated care organization does not have a contract with a hospital, and the hos-  
18 pital provides less than 10 percent of the hospital admissions and outpatient hospital services to  
19 [*enrollees*] **members** of the organization, the [*percentage of the Medicare reimbursement rate that is*  
20 *used to determine the reimbursement rate under subsection (1) of this section is equal to two percentage*  
21 *points less than the percentage of Medicare cost used by the Oregon Health Authority in calculating*  
22 *the base hospital capitation payment to the organization, excluding any supplemental payments]* **re-**  
23 **imbursement rate paid to the noncontracting hospital for services provided to members of**  
24 **the organization shall be two percentage points less than the rate described in subsection (1)**  
25 **of this section.**

26 (b) This subsection is not intended to discourage a coordinated care organization and a hospital  
27 from entering into a contract and is intended to apply to hospitals that provide primarily, but not  
28 exclusively, specialty and emergency care to [*enrollees*] **members** of the organization.

29 (3) A hospital that does not have a contract with a coordinated care organization to provide  
30 inpatient or outpatient hospital services under [*ORS 414.631, 414.651 and 414.688 to 414.745*] **this**

**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 **chapter** must accept as payment in full for hospital services the rates described in subsections (1)  
2 and (2) of this section.

3 (4) This section does not apply to [*type A and type B hospitals, as described in ORS 442.470,*  
4 *and*] rural critical access hospitals, as defined in ORS 315.613.

5 (5)(a) The Oregon Health Authority shall adopt [*rules to implement and administer this section*]  
6 **by rule the rate that must be paid under subsection (1) of this section. The rate shall be**  
7 **equal to four percentage points less than the percentage of Medicare cost used by the au-**  
8 **thority in calculating the base hospital capitation payment to a coordinated care organiza-**  
9 **tion, excluding any supplemental payments.**

10 (b) **Beginning twelve months after the effective date of this 2015 Act, and every twelve**  
11 **months thereafter, the authority shall increase the reimbursement rate established in para-**  
12 **graph (a) of this subsection by three percent and adjust the rate that must be paid under**  
13 **subsection (2) of this section accordingly.**

14 **SECTION 2. Section 7, chapter 886, Oregon Laws 2009, as amended by section 2, chapter**  
15 **27, Oregon Laws 2013, is repealed.**

16

---