

## **New Exemption Created in Section 1**

(Must annually apply to county assessor per ORS 307.162)

- 1) Removed from ORS 307.130 exemption statute: Property of a nonprofit hospital and its affiliated clinics
- 2) New exemption available to a nonprofit hospital and affiliated clinics if Oregon Health Authority (OHA) has issued a certification to hospital and affiliated clinics
  - Defines “hospital” (ORS 442.015) and “affiliated clinic”
  - To be exempt, requires real or personal property to be occupied or used to provide health services or services necessary to the provision of health services
- 3) OHA required to issue a certification to hospital and affiliated clinics if hospital/clinics substantiate (one of the following):
  - Total expenditures on community benefits  $\geq$  6% of hospital’s and affiliated clinic’s net patient revenue for last fiscal year (FY) or year preceding last FY
  - Total FY expenditures on community benefits  $\geq$  10% of previous FY’s expenditures on community benefits
  - Total FY expenditures on community benefits  $>$  property tax assessed on exempt property
  - Net operating margin of  $<$  3% in last FY
  - Good cause, according to OHA adopted criteria, for spending on community benefits  $<$  6% of net patient revenue
- 4) OHA provide county assessors with list of hospitals and affiliated clinics that have been granted certification

## **Other Changes in Measure**

- Modifies statutory definition of “community benefit” to include:
  - Costs not fully reimbursed by payments for hospital or clinic services provided to individuals enrolled in Medicaid, State Children’s Health Insurance Program or other publicly funded health care program (Medicare removed from list)
  - Unchanged portion of definition: Charity care, community health improvement services, research, financial and in-kind contributions to the community and community building activities affecting health in the community
- Defines “net operating margin”, “net patient revenue” and “social determinants of health”
- Modifies statutory provisions relating to hospital reporting to OHA regarding community benefits provided by hospital and affiliated clinics. Report to include:
  - Expenditures of the hospital and affiliated clinics on community benefits
  - Information allowing OHA to verify: net patient revenue, net operating margin, property tax assessed on the exempt property
- Specifies cost determination and reporting (phases in changes to cost determination over 24 months following measure’s operative date)
- Measure makes a series of conforming and non-substantive statutory structural changes
- New property tax exemption becomes effective beginning with 2018-19 property tax year
- Removes hospital and clinics from ORS 307.130 exemption effective beginning 2017-18 property tax year
- Definitional and reporting changes operative beginning 1/1/2018