

A-Engrossed
House Bill 3261

Ordered by the House April 24
Including House Amendments dated April 24

Sponsored by Representative NATHANSON, Senator STEINER HAYWARD; Representative MCKEOWN, Senator MONNES ANDERSON

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.

Requires Oregon Health [*Authority*] **Policy Board**, in collaboration with Office of Rural Health, to develop uniform application for all health care provider financial incentive programs and collect information from participants in programs. Requires [*authority*] **board** to collect data from and about health care providers to evaluate effectiveness of financial incentive programs in increasing access to health care providers in rural and medically underserved areas of state.

Modifies requirements for [*state-financed health care provider incentives*] **rural provider tax credit. Removes sunset on Scholars for a Healthy Oregon Initiative.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to health care provider incentives; creating new provisions; amending ORS 315.613, 348.303,
3 414.743, 442.315, 442.394, 442.470, 442.563, 442.570, 676.450 and 676.460 and sections 9, 12 and 13,
4 chapter 829, Oregon Laws 2015; repealing ORS 315.616, 315.619, 442.561, 442.562 and 442.564; and
5 prescribing an effective date.

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

7 **SECTION 1. (1) As used in this section, "financial incentive programs" includes but is**
8 **not limited to the:**

9 (a) **Rural health care provider tax credit available under ORS 315.613;**

10 (b) **Health care provider incentive program created by ORS 676.460;**

11 (c) **Rural medical practitioners insurance subsidy program under ORS 676.550;**

12 (d) **Scholars for a Healthy Oregon Initiative created under ORS 348.303; and**

13 (e) **Primary Health Care Loan Forgiveness Program created under ORS 442.574.**

14 (2) **The Oregon Health Policy Board, in collaboration with the Office of Rural Health,**
15 **shall:**

16 (a) **Develop a uniform application form for all financial incentive programs and, if allow-**
17 **able, federally administered health care provider incentive programs offered in this state;**
18 **and**

19 (b) **Maintain a website with information about all financial incentive programs and**
20 **federally administered health care provider incentive programs offered in this state, includ-**
21 **ing, for each program:**

22 (A) **Eligibility requirements;**

23 (B) **Application procedures; and**

24 (C) **Contact information.**

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 **(3) In order to evaluate the effectiveness of state financial incentive programs in re-**
2 **cruiting providers to practice in rural and medically underserved areas and retaining pro-**
3 **viders in rural and medically underserved areas, the board shall collect information about**
4 **financial incentive program participants, which may include:**

5 **(a) The month and year of entry into the program;**

6 **(b) The locations of service and duration of service in each location;**

7 **(c) The main services provided, discipline, specialty and hours of direct patient care;**

8 **(d) The percentage of services provided through telemedicine; and**

9 **(e) Other demographic information that the board and the Office of Rural Health deter-**
10 **mine to be useful in the evaluation.**

11 **(4) To collect the data described in subsection (3) of this section, the board shall use**
12 **unique provider identifiers and link the identifiers to the provider data reported under ORS**
13 **442.466.**

14 **(5) The board shall compile and analyze the data collected under this section and report**
15 **its findings and analysis to the interim committees of the Legislative Assembly related to**
16 **health every two years, beginning no later than September 15, 2018.**

17 **SECTION 2.** ORS 315.613, as amended by section 1, chapter 29, Oregon Laws 2016, is amended
18 to read:

19 315.613. *[(1) A resident or nonresident individual certified as eligible under ORS 442.563, licensed*
20 *under ORS chapter 677, who is engaged in the practice of medicine, and who is engaged for at least*
21 *20 hours per week, averaged over the month, during the tax year in a rural practice, shall be allowed*
22 *an annual credit against taxes otherwise due under ORS chapter 316.]*

23 *[(2) The amount of credit allowed shall be based on the distance from a major population center*
24 *in a qualified metropolitan statistical area at which the taxpayer maintains a practice or hospital*
25 *membership:]*

26 *[(a) If at least 10 miles but fewer than 20 miles, \$3,000.]*

27 *[(b) If at least 20 miles but fewer than 50 miles, \$4,000.]*

28 *[(c) If 50 or more miles, \$5,000.]*

29 *[(3) The credit shall be allowed during the time in which the individual retains such practice and*
30 *membership if the individual is actively practicing in and is a member of the medical staff of one of the*
31 *following hospitals:]*

32 *[(a) A type A hospital designated as such by the Office of Rural Health;]*

33 *[(b) A type B hospital designated as such by the Office of Rural Health if the hospital is:]*

34 *[(A) Not within the boundaries of a metropolitan statistical area;]*

35 *[(B) Located 30 or more miles from the closest hospital within the major population center in a*
36 *metropolitan statistical area; or]*

37 *[(C) Located in a county with a population of less than 75,000;]*

38 *[(c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS*
39 *315.619;]*

40 *[(d) A rural hospital that was designated a rural referral center by the federal government before*
41 *January 1, 1989, and that serves a community with a population of at least 14,000 but not more than*
42 *19,000; or]*

43 *[(e) A rural critical access hospital.]*

44 **(4) In order to claim the credit allowed under this section, the individual must remain willing**
45 **during the tax year to serve patients with Medicare coverage and patients receiving medical assistance**

1 *in at least the same proportion to the individual's total number of patients as the Medicare and medical*
2 *assistance populations represent of the total number of persons determined by the Office of Rural*
3 *Health to be in need of care in the county served by the practice, not to exceed 20 percent Medicare*
4 *patients or 15 percent medical assistance patients.]*

5 (1) **As used in this section, “qualified metropolitan statistical area” means only those**
6 **counties of a metropolitan statistical area that are located in Oregon if the largest city**
7 **within the metropolitan statistical area is located in Oregon.**

8 (2) **A resident or nonresident individual certified as eligible under ORS 442.563 shall be**
9 **allowed an annual credit against taxes otherwise due under ORS chapter 316 if the individual**
10 **is:**

11 (a) **Licensed as a physician under ORS chapter 677, licensed as a physician assistant un-**
12 **der ORS chapter 677, licensed as a nurse practitioner under ORS chapter 678, licensed as a**
13 **certified registered nurse anesthetist under ORS chapter 678, licensed as a dentist under**
14 **ORS chapter 679, licensed as an optometrist under ORS 683.010 to 683.340 or licensed or**
15 **certified as a mental health services provider, as prescribed by the Office of Rural Health;**
16 **and**

17 (b) **Engaged in an active practice for an average of at least 20 hours per week each month**
18 **during the tax year in a geographic area described in subsection (3) of this section.**

19 (3) **The amount of the credit shall be based on the location where the individual main-**
20 **tains an active practice. If the individual's active practice is located:**

21 (a) **At least 20 miles but less than 50 miles from a major population center in a qualified**
22 **metropolitan statistical area, the credit is \$4,000.**

23 (b) **At least 50 miles from a major population center in a qualified metropolitan statistical**
24 **area and in a county with a population density of greater than six persons per square mile,**
25 **the credit is \$5,000.**

26 (c) **In a county with a population density of six or fewer persons per square mile, the**
27 **credit is \$7,000.**

28 (4) **A resident or nonresident individual who is eligible for a tax credit under subsections**
29 **(2) and (3) of this section shall be paid an additional tax credit of \$1,000 if the individual is**
30 **certified as a preceptor who supervises students, interns or residents in health professional**
31 **training programs under criteria adopted by rule by the office based on the recommendations**
32 **of the Oregon Health Policy Board.**

33 (5) **To claim the credit allowed under this section, the individual must remain willing,**
34 **during the tax year, to serve patients receiving medical assistance and, if within the**
35 **individual's scope of practice, patients enrolled in Medicare as a percentage of the**
36 **individual's total number of patients that is at least equal to the lesser of:**

37 (a) **The percentage of individuals determined by the office to be in need of care in the**
38 **county who are receiving medical assistance or, if applicable, Medicare coverage; or**

39 (b)(A) **20 percent of Medicare enrollees, if applicable; and**

40 (B) **15 percent medical assistance recipients.**

41 [(5)] (6) **A nonresident individual shall be allowed the credit under this section in the proportion**
42 **provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from**
43 **nonresident to resident occurs, the credit allowed by this section shall be determined in a manner**
44 **consistent with ORS 316.117.**

45 [(6)] (7) **For purposes of this section, an [“individual's practice”] individual's active practice**

1 shall be determined on the basis of actual time spent in practice each week in hours or days,
2 whichever is considered by the Office of Rural Health to be more appropriate. In the case of a
3 shareholder of a corporation or a member of a partnership, only the time of the individual share-
4 holder or partner shall be considered and the full amount of the credit shall be allowed to each
5 shareholder or partner who qualifies in an individual capacity.

6 [(7) *As used in this section:*]

7 [(a) *“Qualified metropolitan statistical area” means only those counties of a metropolitan statistical*
8 *area that are located in Oregon if the largest city within the metropolitan statistical area is located in*
9 *Oregon.*]

10 [(b) *“Rural critical access hospital” means a facility that meets the criteria set forth in 42 U.S.C.*
11 *1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health*
12 *and the Oregon Health Authority.*]

13 [(c) *“Type A hospital,” “type B hospital” and “type C hospital” have the meaning for those terms*
14 *provided in ORS 442.470.*]

15 **SECTION 3.** ORS 676.460 is amended to read:

16 676.460. (1) There is created in the Oregon Health [Authority] **Policy Board** a health care pro-
17 vider incentive program for the purpose of assisting qualified health care providers who [*have com-*
18 *mitted*] **commit** to serving medical assistance [*recipients*] **and Medicare enrollees** in rural or
19 medically underserved areas of this state. The [*authority*] **board** shall prescribe by rule:

20 (a) Participant eligibility criteria, including the types of qualified health care providers who may
21 participate in the program;

22 (b) The terms and conditions of participation in the program, including the duration of the term
23 of any service agreement, **which must be at least 12 months;**

24 (c) The types of incentives that may be provided, **including but not limited to:**

25 **(A) Loan repayment subsidies;**

26 **(B) Stipends;**

27 **(C) Scholarships for students in health professional training programs, if:**

28 **(i) The scholarship funds are distributed equitably among schools offering the training**
29 **programs, based on the percentage of Oregon students attending those schools; and**

30 **(ii) The maximum scholarship for each student does not exceed the highest resident tui-**
31 **tion rate at the publicly funded health professional training programs in this state; and**

32 **(D) Paying the moving expenses of providers not located in rural or medically under-**
33 **served areas who commit to relocate to such areas;**

34 (d) If the funds allocated to the program from the Health Care Provider Incentive Fund estab-
35 lished under ORS 676.450 are insufficient to provide assistance to all of the applicants who are eli-
36 gible to participate in the program, the priority for the distribution of funds[, *based on guidance from*
37 *the Health Care Workforce Committee*]; and

38 (e) The financial penalties imposed on an individual who fails to comply with terms and condi-
39 tions of participation.

40 **(2) Eligibility requirements adopted for the program:**

41 **(a) Must allow providers to qualify for multiple health care provider incentives, to the**
42 **extent permitted by federal law.**

43 **(b) Must allow providers to qualify for an incentive for multiyear periods.**

44 **(c) Must give preference to applicants willing to:**

45 **(A) Commit to extended periods of service in rural or medically underserved areas; or**

1 **(B)(i) Serve low income, uninsured residents; and**

2 **(ii) Serve patients enrolled in Medicare and the state medical assistance program in at**
3 **least the same proportion to the provider's total number of patients as the Medicare and**
4 **medical assistance patient populations represent in relation to the total number of persons**
5 **determined by the Office of Rural Health to be in need of health care in the area served by**
6 **the practice.**

7 **(3) The board may use funds allocated to the program from the Health Care Provider**
8 **Incentive Fund to administer or provide funding to a locum tenens program for health care**
9 **providers practicing in rural areas of this state.**

10 [(2)] **(4) The [authority] board may enter into contracts with one or more public or private en-**
11 **tities to administer the health care provider incentive program or parts of the program.**

12 **(5) The board may receive gifts, grants or contributions from any source, whether public**
13 **or private, to carry out the provisions of this section. Moneys received under this subsection**
14 **shall be deposited in the Health Care Provider Incentive Fund established under ORS 676.450.**

15 **SECTION 4.** ORS 442.470 is amended to read:

16 442.470. As used in ORS 442.470 to 442.507:

17 (1) "Acute inpatient care facility" means a licensed hospital with an organized medical staff,
18 with permanent facilities that include inpatient beds, and with comprehensive medical services, in-
19 cluding physician services and continuous nursing services under the supervision of registered
20 nurses, to provide diagnosis and medical or surgical treatment primarily for but not limited to
21 acutely ill patients and accident victims.

22 (2) "Council" means the Rural Health Coordinating Council.

23 (3) "Office" means the Office of Rural Health.

24 (4) "Primary care physician" means a doctor licensed under ORS chapter 677 whose specialty
25 is family practice, general practice, internal medicine, pediatrics or obstetrics and gynecology.

26 **(5) "Rural critical access hospital" means a facility that meets the criteria set forth in**
27 **42 U.S.C. 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office**
28 **of Rural Health.**

29 [(5)(a)] **(6)(a)** "Rural hospital" means a hospital characterized as one of the following:

30 (A) A type A hospital, which is a small and remote hospital that has 50 or fewer beds and is
31 more than 30 miles from another acute inpatient care facility;

32 (B) A type B hospital, which is a small and rural hospital that has 50 or fewer beds and is 30
33 miles or less from another acute inpatient care facility;

34 (C) A type C hospital, which is considered to be a rural hospital and has more than 50 beds, but
35 is not a referral center; or

36 (D) A rural critical access hospital [as defined in ORS 315.613].

37 (b) "Rural hospital" does not include a hospital of any class that was designated by the federal
38 government as a rural referral hospital before January 1, 1989.

39 **SECTION 5.** ORS 348.303 is amended to read:

40 348.303. (1) As used in this section:

41 (a) "Designated service site" means a rural health clinic as defined in 42 U.S.C. 1395x(aa)(2), a
42 rural critical access hospital as defined in ORS [315.613] **442.470**, a federally qualified health center
43 as defined in 42 U.S.C. 1396d(l)(2) or any geographic area, population group or facility that is located
44 in Oregon and has been designated by the Health Resources and Services Administration of the
45 United States Department of Health and Human Services as a health professional shortage area, a

1 medically underserved area or a medically underserved population.

2 (b) "Health care practitioner" means a:

3 (A) Physician licensed under ORS chapter 677;

4 (B) Dentist licensed under ORS chapter 679;

5 (C) Nurse practitioner licensed under ORS 678.375 to 678.390;

6 (D) Physician assistant licensed under ORS 677.505 to 677.525; or

7 (E) Certified registered nurse anesthetist licensed under ORS chapter 678.

8 (c) "Participant" means a person who has been selected by the Oregon Health and Science
9 University to receive a scholarship under subsection (5) of this section.

10 (d) "Prospective health care practitioner" means a person who has been accepted into, but has
11 not yet started, a health care program at the Oregon Health and Science University that meets the
12 educational requirements for licensure as a physician, dentist, nurse practitioner, physician assistant
13 or certified registered nurse anesthetist.

14 (e) "Service agreement" means the agreement executed by a prospective health care practitioner
15 under subsection (3) of this section.

16 (2) There is created the Scholars for a Healthy Oregon Initiative, to be administered by the
17 Oregon Health and Science University pursuant to rules adopted by the university.

18 (3) A prospective health care practitioner who wishes to participate in the initiative shall submit
19 an application to the Oregon Health and Science University in accordance with rules adopted by the
20 university. To be eligible to be a participant in the initiative, a prospective health care practitioner
21 must:

22 (a) Have been accepted into, but not yet started, the first year of the prospective health care
23 practitioner's health care education at the Oregon Health and Science University;

24 (b) Be considered a resident of Oregon under the university's admission guidelines or qualify as
25 a student exempted from paying nonresident tuition under ORS 352.287;

26 (c) Execute a service agreement stating that:

27 (A) Immediately upon the prospective health care practitioner's completion of the health care
28 education degree, residency or training, as established for each degree by the Oregon Health and
29 Science University by rule, the participant will practice as a health care practitioner in a designated
30 service site in this state approved by the university for one year longer than the number of years
31 the participant spent in the health care program for which the participant received a scholarship;
32 and

33 (B) While practicing as a health care practitioner in a designated service site, the participant
34 must see all patients, regardless of any patient's ability to pay for services; and

35 (d) Meet other requirements established by the university by rule.

36 (4) The Oregon Health and Science University may select participants from among the pro-
37 spective health care practitioners who submit applications as provided in subsection (3) of this sec-
38 tion. The university shall give preference to prospective health care practitioners who are:

39 (a) Individuals admitted to the Oregon Health and Science University as a student from rural
40 heritage, as defined by the university's admission policy;

41 (b) First generation college students; or

42 (c) Individuals from a diverse or underrepresented community.

43 (5) The Oregon Health and Science University shall provide a scholarship covering the entire
44 cost of tuition and fees for the participant's health care education at the university.

45 (6) A participant receiving a scholarship under subsection (5) of this section who fails to com-

1 plete the terms of the service agreement shall repay the amount received plus an additional penalty
2 of 25 percent of the amount received to the Oregon Health and Science University. The total amount
3 to be paid to the university under this subsection shall be reduced for every full year that the par-
4 ticipant complied with the service agreement on a pro rata basis, as computed by the total number
5 of years agreed to in the service agreement.

6 (7) A participant receiving a scholarship under subsection (5) of this section who fails to com-
7 plete the health care degree for which the scholarship was awarded shall repay the amount received
8 to the Oregon Health and Science University.

9 (8) In the event that a participant is required to repay the Oregon Health and Science Univer-
10 sity under subsection (6) or (7) of this section, the university may:

11 (a) Collect any amounts due;

12 (b) Have any amounts due be collected by the Collections Unit in the Department of Revenue
13 under ORS 293.250; or

14 (c) Contract with a collections agency to collect any amounts due.

15 (9) Any moneys received or collected by the Oregon Health and Science University under sub-
16 sections (6) to (8) of this section shall be deposited into a separate fund held by the university for
17 the purpose of carrying out the provisions of this section. The university may not use the moneys
18 in these funds for any other purpose.

19 (10) The Oregon Health and Science University may accept funds from any public or private
20 source for the purposes of carrying out the provisions of this section.

21 (11) Not later than December 1 of each even-numbered year, the Oregon Health and Science
22 University shall report to the Legislative Assembly on the status of the Scholars for a Healthy
23 Oregon Initiative. The report shall include, for the previous biennium:

24 (a) The total number of active participants in the initiative; and

25 (b) A breakdown of active participants in the initiative by health care practitioner category.

26 **SECTION 6.** ORS 414.743 is amended to read:

27 414.743. (1) Except as provided in subsection (2) of this section, a coordinated care organization
28 that does not have a contract with a hospital to provide inpatient or outpatient hospital services
29 under ORS 414.631, 414.651 and 414.688 to 414.745 must, using Medicare payment methodology, re-
30 imburse the noncontracting hospital for services provided to a member of the organization at a rate
31 no less than a percentage of the Medicare reimbursement rate for those services. The percentage
32 of the Medicare reimbursement rate that is used to determine the reimbursement rate under this
33 subsection is equal to four percentage points less than the percentage of Medicare cost used by the
34 Oregon Health Authority in calculating the base hospital capitation payment to the organization,
35 excluding any supplemental payments.

36 (2)(a) If a coordinated care organization does not have a contract with a hospital, and the hos-
37 pital provides less than 10 percent of the hospital admissions and outpatient hospital services to
38 members of the organization, the percentage of the Medicare reimbursement rate that is used to
39 determine the reimbursement rate under subsection (1) of this section is equal to two percentage
40 points less than the percentage of Medicare cost used by the Oregon Health Authority in calculating
41 the base hospital capitation payment to the organization, excluding any supplemental payments.

42 (b) This subsection is not intended to discourage a coordinated care organization and a hospital
43 from entering into a contract and is intended to apply to hospitals that provide primarily, but not
44 exclusively, specialty and emergency care to members of the organization.

45 (3) A hospital that does not have a contract with a coordinated care organization to provide

1 inpatient or outpatient hospital services under ORS 414.631, 414.651 and 414.688 to 414.745 must
2 accept as payment in full for hospital services the rates described in subsections (1) and (2) of this
3 section.

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

6 (5) The Oregon Health Authority shall adopt rules to implement and administer this section.

7 **SECTION 7.** ORS 442.315 is amended to read:

8 442.315. (1) Any new hospital or new skilled nursing or intermediate care service or facility not
9 excluded pursuant to ORS 441.065, and any long term care facility for which a license was surren-
10 dered under section 15, chapter 608, Oregon Laws 2013, shall obtain a certificate of need from the
11 Oregon Health Authority prior to an offering or development.

12 (2) The authority shall adopt rules specifying criteria and procedures for making decisions as
13 to the need for the new services or facilities.

14 (3)(a) An applicant for a certificate of need shall apply to the authority on forms provided for
15 this purpose by authority rule.

16 (b) An applicant shall pay a fee prescribed as provided in this section. Subject to the approval
17 of the Oregon Department of Administrative Services, the authority shall prescribe application fees,
18 based on the complexity and scope of the proposed project.

19 (4) The authority shall be the decision-making authority for the purpose of certificates of need.
20 The authority may establish an expedited review process for an application for a certificate of need
21 to rebuild a long term care facility, relocate buildings that are part of a long term care facility or
22 relocate long term care facility bed capacity from one long term care facility to another. The au-
23 thority shall issue a proposed order not later than 120 days after the date a complete application
24 for expedited review is received by the authority.

25 (5)(a) An applicant or any affected person who is dissatisfied with the proposed decision of the
26 authority is entitled to an informal hearing in the course of review and before a final decision is
27 rendered.

28 (b) Following a final decision being rendered by the authority, an applicant or any affected
29 person may request a reconsideration hearing pursuant to ORS chapter 183.

30 (c) In any proceeding brought by an affected person or an applicant challenging an authority
31 decision under this subsection, the authority shall follow procedures consistent with the provisions
32 of ORS chapter 183 relating to a contested case.

33 (6) Once a certificate of need has been issued, it may not be revoked or rescinded unless it was
34 acquired by fraud or deceit. However, if the authority finds that a person is offering or developing
35 a project that is not within the scope of the certificate of need, the authority may limit the project
36 as specified in the issued certificate of need or reconsider the application. A certificate of need is
37 not transferable.

38 (7) Nothing in this section applies to any hospital, skilled nursing or intermediate care service
39 or facility that seeks to replace equipment with equipment of similar basic technological function
40 or an upgrade that improves the quality or cost-effectiveness of the service provided. Any person
41 acquiring such replacement or upgrade shall file a letter of intent for the project in accordance with
42 the rules of the authority if the price of the replacement equipment or upgrade exceeds \$1 million.

43 (8) Except as required in subsection (1) of this section for a new hospital or new skilled nursing
44 or intermediate care service or facility not operating as a Medicare swing bed program, nothing in
45 this section requires a rural hospital as defined in ORS 442.470 [(5)(a)(A) and (B)] **(6)(a)(A) and (B)**

1 to obtain a certificate of need.

2 (9) Nothing in this section applies to basic health services, but basic health services do not in-
3 clude:

- 4 (a) Magnetic resonance imaging scanners;
- 5 (b) Positron emission tomography scanners;
- 6 (c) Cardiac catheterization equipment;
- 7 (d) Megavoltage radiation therapy equipment;
- 8 (e) Extracorporeal shock wave lithotriptors;
- 9 (f) Neonatal intensive care;
- 10 (g) Burn care;
- 11 (h) Trauma care;
- 12 (i) Inpatient psychiatric services;
- 13 (j) Inpatient chemical dependency services;
- 14 (k) Inpatient rehabilitation services;
- 15 (L) Open heart surgery; or
- 16 (m) Organ transplant services.

17 (10) In addition to any other remedy provided by law, whenever it appears that any person is
18 engaged in, or is about to engage in, any acts that constitute a violation of this section, or any rule
19 or order issued by the authority under this section, the authority may institute proceedings in the
20 circuit courts to enforce obedience to such statute, rule or order by injunction or by other pro-
21 cesses, mandatory or otherwise.

22 (11) As used in this section, “basic health services” means health services offered in or through
23 a hospital licensed under ORS chapter 441, except skilled nursing or intermediate care nursing fa-
24 cilities or services and those services specified in subsection (9) of this section.

25 **SECTION 8.** ORS 442.315, as amended by section 23, chapter 608, Oregon Laws 2013, is
26 amended to read:

27 442.315. (1) Any new hospital or new skilled nursing or intermediate care service or facility not
28 excluded pursuant to ORS 441.065 shall obtain a certificate of need from the Oregon Health Au-
29 thority prior to an offering or development.

30 (2) The authority shall adopt rules specifying criteria and procedures for making decisions as
31 to the need for the new services or facilities.

32 (3)(a) An applicant for a certificate of need shall apply to the authority on forms provided for
33 this purpose by authority rule.

34 (b) An applicant shall pay a fee prescribed as provided in this section. Subject to the approval
35 of the Oregon Department of Administrative Services, the authority shall prescribe application fees,
36 based on the complexity and scope of the proposed project.

37 (4) The authority shall be the decision-making authority for the purpose of certificates of need.
38 The authority may establish an expedited review process for an application for a certificate of need
39 to rebuild a long term care facility, relocate buildings that are part of a long term care facility or
40 relocate long term care facility bed capacity from one long term care facility to another. The au-
41 thority shall issue a proposed order not later than 120 days after the date a complete application
42 for expedited review is received by the authority.

43 (5)(a) An applicant or any affected person who is dissatisfied with the proposed decision of the
44 authority is entitled to an informal hearing in the course of review and before a final decision is
45 rendered.

1 (b) Following a final decision being rendered by the authority, an applicant or any affected
2 person may request a reconsideration hearing pursuant to ORS chapter 183.

3 (c) In any proceeding brought by an affected person or an applicant challenging an authority
4 decision under this subsection, the authority shall follow procedures consistent with the provisions
5 of ORS chapter 183 relating to a contested case.

6 (6) Once a certificate of need has been issued, it may not be revoked or rescinded unless it was
7 acquired by fraud or deceit. However, if the authority finds that a person is offering or developing
8 a project that is not within the scope of the certificate of need, the authority may limit the project
9 as specified in the issued certificate of need or reconsider the application. A certificate of need is
10 not transferable.

11 (7) Nothing in this section applies to any hospital, skilled nursing or intermediate care service
12 or facility that seeks to replace equipment with equipment of similar basic technological function
13 or an upgrade that improves the quality or cost-effectiveness of the service provided. Any person
14 acquiring such replacement or upgrade shall file a letter of intent for the project in accordance with
15 the rules of the authority if the price of the replacement equipment or upgrade exceeds \$1 million.

16 (8) Except as required in subsection (1) of this section for a new hospital or new skilled nursing
17 or intermediate care service or facility not operating as a Medicare swing bed program, nothing in
18 this section requires a rural hospital as defined in ORS 442.470 [(5)(a)(A) and (B)] **(6)(a)(A) and (B)**
19 to obtain a certificate of need.

20 (9) Nothing in this section applies to basic health services, but basic health services do not in-
21 clude:

- 22 (a) Magnetic resonance imaging scanners;
- 23 (b) Positron emission tomography scanners;
- 24 (c) Cardiac catheterization equipment;
- 25 (d) Megavoltage radiation therapy equipment;
- 26 (e) Extracorporeal shock wave lithotrippers;
- 27 (f) Neonatal intensive care;
- 28 (g) Burn care;
- 29 (h) Trauma care;
- 30 (i) Inpatient psychiatric services;
- 31 (j) Inpatient chemical dependency services;
- 32 (k) Inpatient rehabilitation services;
- 33 (L) Open heart surgery; or
- 34 (m) Organ transplant services.

35 (10) In addition to any other remedy provided by law, whenever it appears that any person is
36 engaged in, or is about to engage in, any acts that constitute a violation of this section, or any rule
37 or order issued by the authority under this section, the authority may institute proceedings in the
38 circuit courts to enforce obedience to such statute, rule or order by injunction or by other pro-
39 cesses, mandatory or otherwise.

40 (11) As used in this section, "basic health services" means health services offered in or through
41 a hospital licensed under ORS chapter 441, except skilled nursing or intermediate care nursing fa-
42 cilities or services and those services specified in subsection (9) of this section.

43 **SECTION 9.** ORS 442.394 is amended to read:

44 442.394. (1) A hospital or ambulatory surgical center shall bill and accept as payment in full an
45 amount determined in accordance with the payment methodology prescribed by the Oregon Health

1 Authority under ORS 442.392.

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

4 **SECTION 10.** ORS 442.563 is amended to read:

5 442.563. (1) The Office of Rural Health shall establish criteria for certifying individuals eligible
6 for the tax credit authorized by ORS 315.613[, 315.616 or 315.619]. Upon application therefor, the
7 office shall certify individuals eligible for the tax credit authorized by ORS 315.613.

8 (2) The classification of rural hospitals for purposes of determining eligibility under this section
9 shall be the classification of the hospital in effect on January 1, 1991.

10 **SECTION 11.** ORS 442.570 is amended to read:

11 442.570. (1) There is established in the State Treasury a fund, separate and distinct from the
12 General Fund, to be known as the Primary Care Services Fund. Moneys in the Primary Care Ser-
13 vices Fund are continuously appropriated to the Oregon Department of Administrative Services for
14 allocation to the Office of Rural Health for investments as provided by ORS 293.701 to 293.857, for
15 expenses and payments by the office in carrying out the purposes of ORS 315.613, [315.616,
16 315.619,] 353.450, 442.470, 442.503 and 442.561 to 442.570. Interest earned by the fund shall be cred-
17 ited to the fund.

18 (2) The office shall seek matching funds from the federal government and from communities that
19 benefit from placement of participants under ORS 442.561 to 442.570. The office shall establish a
20 program to enroll interested communities in this program and deposit moneys from the matching
21 funds in the Primary Care Services Fund. In addition, the office shall explore other funding sources
22 including federal grant programs.

23 **SECTION 12.** ORS 676.450 is amended to read:

24 676.450. The Health Care Provider Incentive Fund is established in the State Treasury, separate
25 and distinct from the General Fund. Interest earned by the Health Care Provider Incentive Fund
26 shall be credited to the fund. Moneys in the fund are continuously appropriated to the Oregon
27 Health [Authority] **Policy Board** to carry out ORS 676.460.

28 **SECTION 13.** Section 13, chapter 829, Oregon Laws 2015, is amended to read:

29 **Sec. 13.** (1) Service agreements under ORS 442.574 [and 348.303] that are in effect on [the oper-
30 ative date of this section] **January 1, 2018**, shall remain in effect for the term specified in the
31 agreement.

32 (2) Individuals participating in the primary care provider loan repayment program on [the oper-
33 ative date of this section] **January 1, 2018**, shall continue to participate for the duration of the term
34 of the individual's commitment made pursuant to ORS 413.233.

35 (3) Nothing in the repeal of ORS [348.303,] 413.233 and 442.574 relieves a person of a liability,
36 duty or obligation accruing under or with respect to ORS [348.303,] 413.233 and 442.574. Payments
37 made by participants to discharge an obligation arising under ORS [348.303 (6) or (7),] 413.233 (2)(e)
38 or 442.574 shall be deposited to the Health Care Provider Incentive Fund established [in section 1
39 of this 2015 Act] **under ORS 676.450**.

40 (4) The duties, rights and obligations of the Office of Rural Health under ORS 442.574 are
41 transferred to the Oregon Health [Authority] **Policy Board**.

42 (5) Any unexpended balances of moneys in the Primary Health Care Loan Forgiveness Program
43 Fund are transferred to the Health Care Provider Incentive Fund established under [section 1 of this
44 2015 Act] **ORS 676.450** and shall be used by the Oregon Health [Authority] **Policy Board** to carry
45 out [section 2 of this 2015 Act] **ORS 676.460** and to administer the service agreements entered into

1 pursuant to ORS 442.574 that remain in effect under subsection (1) of this section.

2 **SECTION 14.** Section 9, chapter 829, Oregon Laws 2015, is amended to read:

3 **Sec. 9.** ORS [348.303,] 413.127, 413.233, 442.573, 442.574, 676.550, 676.552, 676.554 and 676.556 are
4 repealed.

5 **SECTION 15.** Section 12, chapter 829, Oregon Laws 2015, is amended to read:

6 **Sec. 12.** The repeal of ORS [348.303,] 413.127, 413.233, 442.573, 442.574, 676.550, 676.552, 676.554
7 and 676.556 by section 9, [of this 2015 Act] **chapter 829, Oregon Laws 2015**, becomes operative
8 January 2, 2018.

9 **SECTION 16.** Section 1 of this 2017 Act is amended to read:

10 **Sec. 1.** (1) As used in this section, “financial incentive programs” includes but is not limited to
11 the:

12 (a) Rural health care provider tax credit available under ORS 315.613;

13 (b) Health care provider incentive program created by ORS 676.460; **and**

14 [(c) Rural medical practitioners insurance subsidy program under ORS 676.550;]

15 [(d)] (c) Scholars for a Healthy Oregon Initiative created under ORS 348.303[; and]

16 [(e) Primary Health Care Loan Forgiveness Program created under ORS 442.574].

17 (2) The Oregon Health Policy Board, in collaboration with the Office of Rural Health, shall:

18 (a) Develop a uniform application form for all financial incentive programs and, if allowable,
19 federally administered health care provider incentive programs offered in this state; and

20 (b) Maintain a website with information about all financial incentive programs and federally
21 administered health care provider incentive programs offered in this state, including, for each pro-
22 gram:

23 (A) Eligibility requirements;

24 (B) Application procedures; and

25 (C) Contact information.

26 (3) In order to evaluate the effectiveness of state financial incentive programs in recruiting
27 providers to practice in rural and medically underserved areas and retaining providers in rural and
28 medically underserved areas, the board shall collect information about financial incentive program
29 participants, which may include:

30 (a) The month and year of entry into the program;

31 (b) The locations of service and duration of service in each location;

32 (c) The main services provided, discipline, specialty and hours of direct patient care;

33 (d) The percentage of services provided through telemedicine; and

34 (e) Other demographic information that the board and the Office of Rural Health determine to
35 be useful in the evaluation.

36 (4) To collect the data described in subsection (3) of this section, the board shall use unique
37 provider identifiers and link the identifiers to the provider data reported under ORS 442.466.

38 (5) The board shall compile and analyze the data collected under this section and report its
39 findings and analysis to the interim committees of the Legislative Assembly related to health every
40 two years, beginning no later than September 15, 2018.

41 **SECTION 17.** ORS 315.616, 315.619, 442.561, 442.562 and 442.564 are repealed.

42 **SECTION 18.** The amendments to ORS 315.613 by section 2 of this 2017 Act and the repeal
43 of ORS 315.616, 315.619, 442.561, 442.562 and 442.564 by section 17 of this 2017 Act apply to tax
44 years beginning on or after January 1, 2017.

45 **SECTION 19.** The amendments to section 1 of this 2017 Act by section 16 of this 2017 Act

1 **become operative on January 2, 2018.**

2 **SECTION 20. This 2017 Act takes effect on the 91st day after the date on which the 2017**
3 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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