

# House Bill 3261

Sponsored by Representative NATHANSON, Senator STEINER HAYWARD; 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 **as introduced**.

Requires Oregon Health Authority, 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 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.

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, 315.616,  
3 348.303, 414.743, 442.315, 442.394, 442.470, 442.563, 442.570 and 676.460; repealing ORS 315.619;  
4 and prescribing an effective date.

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

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

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

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

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

11 (d) **Scholars for a Healthy Oregon Initiative created under ORS 348.303.**

12 (2) **The Oregon Health Authority, in collaboration with the Office of Rural Health, shall:**

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

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

19 (A) **Eligibility requirements;**

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

21 (C) **Contact information.**

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

26 (a) **The year of entry into the program;**

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

28 (c) **The main services provided, discipline, specialty and size of practice;**

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

2 (e) Other demographic information that the authority and the Office of Rural Health  
3 determine to be useful in the evaluation.

4 (4) To collect the data described in subsection (3) of this section, the authority shall use  
5 unique provider identifiers and link the identifiers to the provider data reported under ORS  
6 442.466.

7 (5) The authority shall compile and analyze the data collected under this section and re-  
8 port its findings and analysis to the interim committees of the Legislative Assembly related  
9 to health every three years, beginning no later than September 15, 2018.

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

12 315.613. *[(1) A resident or nonresident individual certified as eligible under ORS 442.563, licensed*  
13 *under ORS chapter 677, who is engaged in the practice of medicine, and who is engaged for at least*  
14 *20 hours per week, averaged over the month, during the tax year in a rural practice, shall be allowed*  
15 *an annual credit against taxes otherwise due under ORS chapter 316.]*

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

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

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

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

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

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

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

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

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

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

31 *[(c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS*  
32 *315.619;]*

33 *[(d) A rural hospital that was designated a rural referral center by the federal government before*  
34 *January 1, 1989, and that serves a community with a population of at least 14,000 but not more than*  
35 *19,000; or]*

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

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

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

43 (a) Certified as eligible under ORS 442.561, 442.562, 442.563 or 442.564;

44 (b) Licensed as a physician under ORS chapter 677, licensed as a physician assistant un-  
45 der ORS chapter 677, licensed as a nurse practitioner under ORS chapter 678, licensed as a

1 **certified registered nurse anesthetist under ORS chapter 678, licensed as a dentist under**  
 2 **ORS chapter 679, licensed as an optometrist under ORS 683.010 to 683.340 or licensed or**  
 3 **certified as a mental health services provider, as prescribed by the Office of Rural Health;**  
 4 **and**

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

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

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

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

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

16 (4) **A resident or nonresident individual who is eligible for a tax credit under subsections**  
 17 **(2) and (3) of this section shall be paid an additional tax credit of \$1,000 if the individual is**  
 18 **certified as a preceptor who supervises students, interns or residents in health professional**  
 19 **training programs under criteria adopted by rule by the office based on the recommendations**  
 20 **of the Health Care Workforce Committee established under ORS 413.017.**

21 [(4)] (5) **In order to claim the credit allowed under this section, the individual must remain**  
 22 **willing during the tax year to serve patients with Medicare coverage and patients receiving medical**  
 23 **assistance in at least the same proportion to the individual's total number of patients as the Medi-**  
 24 **care and medical assistance populations represent of the total number of persons determined by the**  
 25 **Office of Rural Health to be in need of care in the county served by the practice, not to exceed 20**  
 26 **percent Medicare patients or 15 percent medical assistance patients.**

27 [(5)] (6) **A nonresident individual shall be allowed the credit under this section in the proportion**  
 28 **provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from**  
 29 **nonresident to resident occurs, the credit allowed by this section shall be determined in a manner**  
 30 **consistent with ORS 316.117.**

31 [(6)] (7) **For purposes of this section, an [*“individual's practice”*] **individual's active practice****  
 32 **shall be determined on the basis of actual time spent in practice each week in hours or days,**  
 33 **whichever is considered by the Office of Rural Health to be more appropriate. In the case of a**  
 34 **shareholder of a corporation or a member of a partnership, only the time of the individual share-**  
 35 **holder or partner shall be considered and the full amount of the credit shall be allowed to each**  
 36 **shareholder or partner who qualifies in an individual capacity.**

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

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

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

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

**SECTION 3.** ORS 315.616 is amended to read:

315.616. A resident or nonresident individual who is certified as eligible under ORS 442.561, 442.562, 442.563 or 442.564, and is licensed as a physician under ORS chapter 677, licensed as a physician assistant under ORS chapter 677, licensed as a nurse practitioner under ORS chapter 678, licensed as a certified registered nurse anesthetist under ORS chapter 678, licensed as a dentist under ORS chapter 679 or licensed as an optometrist under ORS 683.010 to 683.340 is entitled to the tax credit described in ORS 315.613 *[even if not a member of the hospital medical staff]* if the Office of Rural Health certifies that the individual[:]

*[(1)]* is engaged for at least 20 hours per week, averaged over the month, during the tax year in a rural practice.[:; and]

*[(2)(a) If a physician or a physician assistant, can cause a patient to be admitted to the hospital;]*

*[(b) If a certified registered nurse anesthetist, is employed by or has a contractual relationship with one of the hospitals described in ORS 315.613 (1); or]*

*[(c) If an optometrist, has consulting privileges with a hospital listed in ORS 315.613 (1). This paragraph does not apply to an optometrist who qualifies as a "frontier rural practitioner," as defined by the Office of Rural Health.]*

**SECTION 4.** ORS 676.460 is amended to read:

676.460. (1) There is created in the Oregon Health Authority a health care provider incentive program for the purpose of assisting qualified health care providers who *[have committed]* **commit** to serving medical assistance *[recipients]* **and Medicare enrollees** in rural or medically underserved areas of this state. The authority shall prescribe by rule:

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

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

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

**(A) Loan repayment subsidies;**

**(B) Stipends;**

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

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

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

**(D) Amounts up to \$25,000, to be paid for each new primary care residency position established by medical facilities that receive \$175,000 or less in Medicare funding for:**

**(i) Direct graduate medical education costs under 42 U.S.C. 1395ww(h); and**

**(ii) Indirect medical education costs under 42 U.S.C. 1395ww(d)(5)(B); and**

**(E) Paying the moving expenses of providers not located in rural or medically underserved areas who commit to relocate to such areas;**

(d) If the funds allocated to the program from the Health Care Provider Incentive Fund established under ORS 676.450 are insufficient to provide assistance to all of the applicants who are eligible to participate in the program, the priority for the distribution of funds, based on guidance from the Health Care Workforce Committee; and

(e) The financial penalties imposed on an individual who fails to comply with terms and conditions of participation.

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

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

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

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

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

7       **(B) Serve patients enrolled in Medicare and the state medical assistance program in at**  
8 **least the same proportion to the provider's total number of patients as the Medicare and**  
9 **medical assistance patient populations represent in relation to the total number of persons**  
10 **determined by the Office of Rural Health to be in need of health care in the area served by**  
11 **the practice.**

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

15       [(2)] **(4) The authority may enter into contracts with one or more public or private entities to**  
16 **administer the health care provider incentive program or parts of the program.**

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

21       **SECTION 5.** ORS 442.470 is amended to read:

22       442.470. As used in ORS 442.470 to 442.507:

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

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

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

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

32       **(5) "Rural critical access hospital" means a facility that meets the criteria set forth in**  
33 **42 U.S.C. 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office**  
34 **of Rural Health and the Oregon Health Authority.**

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

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

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

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

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

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

45       **SECTION 6.** ORS 348.303 is amended to read:

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

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

8 (b) “Health care practitioner” means a:

9 (A) Physician licensed under ORS chapter 677;

10 (B) Dentist licensed under ORS chapter 679;

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

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

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

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

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

20 (e) “Service agreement” means the agreement executed by a prospective health care practitioner  
 21 under subsection (3) of this section.

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

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

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

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

32 (c) Execute a service agreement stating that:

33 (A) Immediately upon the prospective health care practitioner’s completion of the health care  
 34 education degree, residency or training, as established for each degree by the Oregon Health and  
 35 Science University by rule, the participant will practice as a health care practitioner in a designated  
 36 service site in this state approved by the university for one year longer than the number of years  
 37 the participant spent in the health care program for which the participant received a scholarship;  
 38 and

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

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

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

45 (a) Individuals admitted to the Oregon Health and Science University as a student from rural

1 heritage, as defined by the university's admission policy;

2 (b) First generation college students; or

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

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

6 (6) A participant receiving a scholarship under subsection (5) of this section who fails to com-  
7 plete the terms of the service agreement shall repay the amount received plus an additional penalty  
8 of 25 percent of the amount received to the Oregon Health and Science University. The total amount  
9 to be paid to the university under this subsection shall be reduced for every full year that the par-  
10 ticipant complied with the service agreement on a pro rata basis, as computed by the total number  
11 of years agreed to in the service agreement.

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

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

17 (a) Collect any amounts due;

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

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

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

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

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

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

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

32 **SECTION 7.** ORS 414.743 is amended to read:

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

42 (2)(a) If a coordinated care organization does not have a contract with a hospital, and the hos-  
43 pital provides less than 10 percent of the hospital admissions and outpatient hospital services to  
44 members of the organization, the percentage of the Medicare reimbursement rate that is used to  
45 determine the reimbursement rate under subsection (1) of this section is equal to two percentage

1 points less than the percentage of Medicare cost used by the Oregon Health Authority in calculating  
2 the base hospital capitation payment to the organization, excluding any supplemental payments.

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

6 (3) A hospital that does not have a contract with a coordinated care organization to provide  
7 inpatient or outpatient hospital services under ORS 414.631, 414.651 and 414.688 to 414.745 must  
8 accept as payment in full for hospital services the rates described in subsections (1) and (2) of this  
9 section.

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

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

13 **SECTION 8.** ORS 442.315 is amended to read:

14 **442.315.** (1) Any new hospital or new skilled nursing or intermediate care service or facility not  
15 excluded pursuant to ORS 441.065, and any long term care facility for which a license was surren-  
16 dered under section 15, chapter 608, Oregon Laws 2013, shall obtain a certificate of need from the  
17 Oregon Health Authority prior to an offering or development.

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

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

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

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

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

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

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

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

44 (7) Nothing in this section applies to any hospital, skilled nursing or intermediate care service  
45 or facility that seeks to replace equipment with equipment of similar basic technological function

1 or an upgrade that improves the quality or cost-effectiveness of the service provided. Any person  
 2 acquiring such replacement or upgrade shall file a letter of intent for the project in accordance with  
 3 the rules of the authority if the price of the replacement equipment or upgrade exceeds \$1 million.

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

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

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

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

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

31 **SECTION 9.** ORS 442.315, as amended by section 23, chapter 608, Oregon Laws 2013, is  
 32 amended to read:

33 442.315. (1) Any new hospital or new skilled nursing or intermediate care service or facility not  
 34 excluded pursuant to ORS 441.065 shall obtain a certificate of need from the Oregon Health Au-  
 35 thority prior to an offering or development.

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

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

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

43 (4) The authority shall be the decision-making authority for the purpose of certificates of need.  
 44 The authority may establish an expedited review process for an application for a certificate of need  
 45 to rebuild a long term care facility, relocate buildings that are part of a long term care facility or

1 relocate long term care facility bed capacity from one long term care facility to another. The au-  
2 thority shall issue a proposed order not later than 120 days after the date a complete application  
3 for expedited review is received by the authority.

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

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

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

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

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

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

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

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

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

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

4 **SECTION 10.** ORS 442.394 is amended to read:

5 442.394. (1) A hospital or ambulatory surgical center shall bill and accept as payment in full an  
 6 amount determined in accordance with the payment methodology prescribed by the Oregon Health  
 7 Authority under ORS 442.392.

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

10 **SECTION 11.** ORS 442.563 is amended to read:

11 442.563. (1) The Office of Rural Health shall establish criteria for certifying individuals eligible  
 12 for the tax credit authorized by ORS 315.613[,] **or** 315.616 [*or 315.619*]. Upon application therefor, the  
 13 office shall certify individuals eligible for the tax credit authorized by ORS 315.613.

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

16 **SECTION 12.** ORS 442.570 is amended to read:

17 442.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
 18 General Fund, to be known as the Primary Care Services Fund. Moneys in the Primary Care Ser-  
 19 vices Fund are continuously appropriated to the Oregon Department of Administrative Services for  
 20 allocation to the Office of Rural Health for investments as provided by ORS 293.701 to 293.857, for  
 21 expenses and payments by the office in carrying out the purposes of ORS 315.613, 315.616,  
 22 [315.619,] 353.450, 442.470, 442.503 and 442.561 to 442.570. Interest earned by the fund shall be cred-  
 23 ited to the fund.

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

29 **SECTION 13.** ORS 315.619 is repealed.

30 **SECTION 14.** The amendments to ORS 315.613 and 315.616 by sections 2 and 3 of this 2017  
 31 Act and the repeal of ORS 315.619 by section 13 of this 2017 Act apply to tax years beginning  
 32 on or after January 1, 2017.

33 **SECTION 15.** This 2017 Act takes effect on the 91st day after the date on which the 2017  
 34 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.