

Requested by Representative GREENLICK

**PROPOSED AMENDMENTS TO
HOUSE BILL 2115**

1 On page 1 of the printed bill, delete lines 6 through 31.

2 On page 2, delete lines 1 through 41 and insert:

3 **“SECTION 1. (1) As used in this section:**

4 **“(a) ‘Affiliated clinic’ means a facility where outpatient health ser-**
5 **vices are provided and that is:**

6 **“(A) Located in this state and physically separate from a main**
7 **hospital structure; and**

8 **“(B)(i) Owned or operated by a nonprofit hospital or the parent**
9 **company of a nonprofit hospital; or**

10 **“(ii) Operating under the trademark of a nonprofit hospital or the**
11 **parent company of a nonprofit hospital.**

12 **“(b) ‘Health services’ has the meaning given that term in ORS**
13 **442.015.**

14 **“(c) ‘Hospital’ has the meaning given that term in ORS 442.015.**

15 **“(d) ‘Nonprofit’ means a corporation that:**

16 **“(A) Is organized not for profit, pursuant to ORS chapter 65 or any**
17 **predecessor of ORS chapter 65; or**

18 **“(B) Is organized and operated as described under section 501(c)(3)**
19 **of the Internal Revenue Code as defined in ORS 305.842.**

20 **“(2) All real or personal property owned or being purchased by a**
21 **nonprofit hospital and its affiliated clinics that is not otherwise ex-**

1 **empt from property taxation under ORS chapter 307 shall be exempt**
2 **from property taxation if:**

3 **“(a) The real or personal property is occupied or used to provide:**

4 **“(A) Health services; or**

5 **“(B) Services other than health services that are necessary or an-**
6 **cillary to the provision of health services; and**

7 **“(b) The Oregon Health Authority has issued to the hospital and**
8 **affiliated clinics, or the parent company of the hospital and affiliated**
9 **clinics, a certification under ORS 442.205.**

10 **“SECTION 2.** ORS 442.200 is amended to read:

11 **“442.200.** As used in this section and ORS 442.205:

12 **“(1) ‘Affiliated clinic’ means a facility where outpatient health ser-**
13 **vices are provided and that is:**

14 **“(a) Located in this state and physically separate from a main**
15 **hospital structure; and**

16 **“(b)(A) Owned or operated by a nonprofit hospital or the parent**
17 **company of a nonprofit hospital; or**

18 **“(B) Operating under the trademark of a nonprofit hospital or the**
19 **parent company of a nonprofit hospital.**

20 **“[(1)] (2) ‘Charity care’ means free or discounted health services provided**
21 **to persons who cannot afford to pay and from whom a hospital has no ex-**
22 **pectation of payment. ‘Charity care’ does not include bad debt, contractual**
23 **allowances or discounts for quick payment.**

24 **“[(2)] (3) ‘Community benefit’ means a program or activity that provides**
25 **treatment or promotes health and healing in response to an identified com-**
26 **munity need. ‘Community benefit’ includes:**

27 **“(a) Charity care;**

28 **“(b) [Losses related to] Costs, as reported under ORS 442.205, that are**
29 **not fully reimbursed by payments for hospital or clinic services pro-**
30 **vided to individuals enrolled in Medicaid, [Medicare,] State Children’s**

1 Health Insurance Program or other publicly funded health care program
2 [*shortfalls*] **other than Medicare;**

3 “(c) Community health improvement services;

4 “(d) Research;

5 “(e) Financial and in-kind contributions to the community; and

6 “(f) Community building activities affecting health in the community.

7 “(4) **‘Net operating margin’ means the amount resulting from sub-**
8 **tracting total operating expenses in a fiscal year, as defined by the**
9 **authority by rule, from gross revenue for the fiscal year, dividing the**
10 **difference by gross revenue for the fiscal year and multiplying the**
11 **quotient by 100.**

12 “(5) **‘Net patient revenue’ means the difference between total**
13 **charges billed for inpatient and outpatient services during a fiscal year**
14 **and total contractual allowances, bad debt and charity care during the**
15 **fiscal year.**

16 “(6) **‘Social determinants of health’ means the social, economic and**
17 **environmental conditions in which individuals are born and live.**

18 “**SECTION 3.** ORS 442.205 is amended to read:

19 “442.205. (1) The Oregon Health Authority shall [*by rule*] adopt a cost-
20 based community benefit reporting system [*for hospitals operating in Oregon*
21 *that is consistent with established national standards for hospital reporting*
22 *of community benefits*].

23 “(2)(a) Within 90 days of filing a Medicare cost report, a **hospital or a**
24 **parent company of the hospital and its affiliated clinics** must submit a
25 [*community benefit*] report to the authority of the community benefits pro-
26 vided by the **hospital and affiliated clinics**, on a form prescribed by the
27 authority. **The report must include, but is not limited to:**

28 “(A) **A description of the community benefits provided by the hos-**
29 **pital and affiliated clinics, identifying the specific activities that im-**
30 **prove the social determinants of health in the community; and**

1 **“(B) The expenditures of the hospital and affiliated clinics on com-**
2 **munity benefits, including expenditures on each of the activities that**
3 **improve the social determinants of health in the community.**

4 **“(b) A parent company or hospital shall accompany the report of**
5 **community benefits with information, as prescribed by the authority**
6 **by rule, for the authority to determine or verify, as necessary:**

7 **“(A) For the prior fiscal year, the hospital’s or affiliated clinics’:**

8 **“(i) Net patient revenue.**

9 **“(ii) Net operating margin.**

10 **“(B) The property tax assessed on the property that is exempt under**
11 **section 1 of this 2017 Act.**

12 **“(3) The authority shall issue a certification described in section 1**
13 **of this 2017 Act to a hospital and its affiliated clinics if the hospital**
14 **and affiliated clinics, or the parent company of the hospital and affil-**
15 **iated clinics, substantiates:**

16 **“(a) Total expenditures on community benefits that were equal to**
17 **or exceeded six percent of the hospital’s and affiliated clinics’ net pa-**
18 **tient revenue for the last fiscal year or for the fiscal year preceding**
19 **the last fiscal year;**

20 **“(b) Total expenditures on community benefits in excess of 10 per-**
21 **cent of the hospital’s and affiliated clinics’ expenditures on community**
22 **benefits for the fiscal year preceding the last fiscal year;**

23 **“(c) Total expenditures on community benefits during the last fiscal**
24 **year that exceeded the property tax assessed on the property that is**
25 **exempt under section 1 of this 2017 Act;**

26 **“(d) A net operating margin of the hospital and affiliated clinics of**
27 **less than three percent during the last fiscal year; or**

28 **“(e) Good cause, according to criteria adopted by the authority by**
29 **rule, for spending on community benefits an amount that was less**
30 **than six percent of the net patient revenue earned during the last**

1 **fiscal year by the hospital and affiliated clinics.**

2 **“(4) The authority shall provide county assessors with a list of**
3 **hospitals and affiliated clinics that have been granted a certification**
4 **under this section.**

5 **“[(3)] (5) The authority shall produce an annual report of the information**
6 **provided under subsections (1) [and (2)] to (3) of this section. The report**
7 **shall be submitted to the Governor, the President of the Senate and the**
8 **Speaker of the House of Representatives. The report shall be presented to the**
9 **Legislative Assembly during each odd-numbered year regular session and**
10 **shall be made available to the public.**

11 **“[(4)] (6) The authority [may] shall adopt all rules necessary to carry out**
12 **the provisions of this section.**

13 **“SECTION 4. (1) Beginning with the first report under ORS 442.205**
14 **that is due after the operative date of the amendments to ORS 442.200**
15 **by section 2 of this 2017 Act, costs under ORS 442.200 (3)(b) may be**
16 **calculated based on:**

17 **“(a) A fixed percentage of charges billed by a hospital and its affil-**
18 **iated clinics for inpatient or outpatient services; or**

19 **“(b) Actual cost accounting.**

20 **“(2) For a report under ORS 442.205 that is due after the date that**
21 **is 24 months after the operative date of the amendments to ORS**
22 **442.200 by section 2 of this 2017 Act, costs under ORS 442.200 (3)(b) must**
23 **be calculated based on:**

24 **“(a) Actual cost accounting; or**

25 **“(b) A method prescribed by the Oregon Health Authority, other**
26 **than a method using a percentage of charges billed for inpatient or**
27 **outpatient services, that is adopted by rule using a rules advisory**
28 **committee that includes, but is not limited to representatives of hos-**
29 **pitals and affiliated clinics and representatives of health care con-**
30 **sumers.”.**

1 In line 42, delete “4” and insert “5”.

2 On page 3, line 7, delete “5” and insert “6”.

3 On page 4, delete line 14 and insert “pital and its affiliated clinics, as
4 defined in section 1 of this 2017 Act,”.

5 On page 5, line 19, delete “6” and insert “7”.

6 On page 6, line 19, delete “7” and insert “8”.

7 On page 8, line 8, after “to” delete the rest of the line and line 9 and
8 insert “property of a hospital and its affiliated clinics described in section
9 1 of this 2017 Act.”.

10 In line 10, delete “8” and insert “9”.

11 On page 9, line 25, after “to” delete the rest of the line and line 26 and
12 insert “property of a hospital and its affiliated clinics described in section
13 1 of this 2017 Act.”.

14 In line 27, delete “9” and insert “10”.

15 Delete lines 32 through 38 and insert:

16 **“SECTION 11. Section 1 of this 2017 Act applies to property taxes
17 that are due on or after July 1, 2018.**

18 **“SECTION 12. The amendments to ORS 442.200, 442.205 and 442.991
19 by sections 2, 3 and 5 of this 2017 Act become operative on January 1,
20 2018.**

21 **“SECTION 13. This 2017 Act takes effect on the 91st day after the
22 date on which the 2017 regular session of the Seventy-ninth Legislative
23 Assembly adjourns sine die.”.**

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