

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4020 - A11

79th Oregon Legislative Assembly – 2018 Regular Session
 Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Kim To
 Reviewed by: Linda Ames, John Terpening
 Date: 2/23/2018

Measure Description:

Specifies criteria for licensing of extended stay centers and requires Oregon Health Authority to adopt rules.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Patient Safety Commission

Summary of Expenditure Impact:

Costs related to the measure may require budgetary action - See analysis.

		2017-19 Biennium	2019-21 Biennium
1	Public Health Division (OIS Shared Services)	100,045	
2	Health Policy & Analytics Division	145,946	450,000
	Total General Fund	\$245,991	\$450,000
3	Public Health Division	106,583	66,803
	Total Other Funds	\$106,583	\$66,803
2	Health Policy & Analytics Division	45,946	
	Total Federal Funds	\$45,946	\$0
	TOTAL FUNDS	\$398,520	\$516,803
	Positions	1	0
	FTE	0.58	0.25

Summary of Revenue Impact:

	2017-19 Biennium	2019-21 Biennium
Fees	\$125,000	\$250,000
Total Other Funds	\$125,000	\$250,000

Analysis:

HB 4020 requires the Oregon Health Authority (OHA) to implement a new program to license extended stay centers. The bill directs OHA to adopt rules to implement the licensing program for these extended stay centers (ESC). The bill

- Specifies criteria for ESC licensure that must be included in the adopted rules.
- Directs OHA to mitigate barriers to and facilitate the reimbursement of extended stay centers with medical assistance funds.
- Requires the Health Evidence Review Committee to develop evidence-based guidelines regarding the patient characteristics and surgical procedures that may be appropriate for ambulatory surgical centers

and extended stay centers. The commission must provide a report of the timeline and plan for implementing the guidelines to the legislature during the 2019 regular session.

- Requires OHA to report to an interim legislative committee regarding the implementation of this licensing program by December 31, 2022.
- Allows OHA to prescribe by rule a one-time licensing fee for extended stay centers not to exceed \$25,000.
- Requires extended stay centers to report specified data and metrics to OHA.
- Authorizes OHA to prescribe by rule a process to request, by July 1st of each year, from extended state centers extended stay center discharge abstract records covering all patients admitted during the preceding year.
- Directs OHA to apply to the Centers for Medicare and Medicaid Services to receive federal financial participation. OHA is required to report to an interim legislative committee on the status of this application by July 1, 2019.

In addition, the bill requires the Oregon Patient Safety Commission to include extended stay centers in its voluntary adverse-event reporting program.

Although the number of extended stay centers applying for new licenses and annual renewals cannot be predicted at this time, this fiscal impact statement assumes five new extended stay centers for the 2017-19 biennium and ten new extended stay centers for the 2019-21 biennium. Other Funds revenue are calculated using this assumption.

Oregon Health Authority (OHA)

OHA estimates the fiscal impact of this bill to be \$398,520 Total Funds, 1 position, 0.58 FTE for the 2017-19 biennium; and \$516,803 Total Funds, 0.25 FTE for the 2019-21 biennium. The amounts reflect the following expenses:

¹ OHA estimates the cost of modifying systems to license ESC centers to be \$100,045. This amount is the direct charge for the Office of Information Services.

² In addition to using existing staff, OHA anticipates establishing one part-time, Limited Duration Operations & Policy Analyst 4 position in the Health Policy & Analytics Division to create the implementation plan for the ESC licensing program. The personal services and related services & supplies for this position is estimated at \$91,892 Total Funds, 1 position and 0.33 FTE for the 2017-19 biennium. This fiscal assumes that this position would qualify for federal match. In addition to this temporary position, OHA anticipates contractor costs estimated at \$100,000 General Fund for the 2017-19 biennium; and \$450,000 General Fund for the 2019-21 biennium. OHA anticipates contracting with a data collection vendor to collect and analyze data from ESC as required by the bill, as well as to support the work of the Health Evidence Review Committee.

³ Once the ESC licensing program is established, OHA anticipates making a part-time Client Care Surveyor position full-time to assist existing staff in conducting on-site inspections, complaint investigations, providing technical assistance to stakeholders, training staff and conducting enforcement actions. The personal services and related services & supplies for this position is estimated at \$106,583 Other Funds and 0.25 FTE for the 2017-19 biennium. This position is anticipated to be fully funded by Other Funds collected from ESC licensing fees.

The licensing of extended stay centers is intended to offer patients a less expensive option than inpatient hospital recovery. If this bill becomes law, and surgeons and other providers accepting Medicaid opt to use extended stay centers, coordinated care organizations and the state may realize savings. However, at this time, this future potential savings cannot be predicted or quantified.

The -A11 amendment requires hospitals to provide a paper copy of their financial assistance policy to patients upon request. Hospitals are also required to include on each billing statement: (1) notice of availability of

financial assistance; (2) contact information for office that can provide information about obtaining financial assistance; and (3) direct internet address for the financial assistance policy. In addition, the -A11 amendment directs OHA to make available to hospitals and the public, by January 1, 2020, a uniform application for financial assistance that may be used by hospitals. OHA will use existing staff and resources to comply with these provisions.

Patient Safety Commission

The bill requires the Patient Safety Commission to include extended stay centers in its voluntary adverse event reporting program. This program is funded through fee assessed to participating facilities. Fees for ESC will be set via rulemaking and are yet to be determined.

Note that the Patient Safety Commission is a semi-independent agency. Although the agency is subject to certain reporting requirements and a review by the Legislative Fiscal Office every two years, the agency's budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly.