

# House Bill 4146

Sponsored by Representatives HAYDEN, PARRISH (Pre-session filed.)

## 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**.

Transfers \$7 million from Tobacco Master Settlement Agreement to Health System Fund to pay for Oregon Reinsurance Program.

Increases taxes on cigarettes.

Imposes assessment on ambulatory surgical centers and emergency ambulance services to be used for medical assistance program. Modifies hospital assessment and requires Oregon Health Authority to take specified actions with respect to medical assistance program.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to health; creating new provisions; amending ORS 323.031 and 323.457 and sections 1, 2, 9  
3 and 10, chapter 736, Oregon Laws 2003; prescribing an effective date; and providing for revenue  
4 raising that requires approval by a three-fifths majority.

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

## FUNDING FOR OREGON REINSURANCE PROGRAM

6  
7  
8  
9 **SECTION 1. From the unexpended tobacco Master Settlement Agreement funds available**  
10 **to the state for the biennium ending June 30, 2019, \$7 million shall be transferred to the**  
11 **Health System Fund established by section 2, chapter 538, Oregon Laws 2017, to carry out**  
12 **the Oregon Reinsurance Program established in section 18, chapter 538, Oregon Laws 2017.**

## FUNDING FOR MEDICAL ASSISTANCE

(Increase in Cigarette Tax)

13  
14  
15  
16  
17 **SECTION 2. (1) In addition to and not in lieu of any other tax, for the privilege of holding**  
18 **or storing cigarettes for sale, use or consumption, a floor tax is imposed upon every dealer**  
19 **at the rate of \_\_\_\_\_ mills for each cigarette in the possession of or under the control of**  
20 **the dealer in this state at 12:01 a.m. on January 1, 2019.**

21 **(2) The tax imposed by this section is due and payable on or before January 20, 2019. Any**  
22 **amount of tax that is not paid within the time required shall bear interest at the rate es-**  
23 **tablished under ORS 305.220 per month, or fraction of a month, from the date on which the**  
24 **tax is due to be paid, until paid.**

25 **(3) By January 20, 2019, every dealer must file a report with the Department of Revenue**  
26 **in such form as the department may prescribe. The report must state the number of ciga-**  
27 **rettes in the possession of or under the control of the dealer in this state at 12:01 a.m. on**  
28 **January 1, 2019, and the amount of tax due. Each report must be accompanied by a remit-**

**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 tance payable to the department for the amount of tax due.

2 (4) As used in this section, “dealer” has the meaning given that term in ORS 323.010.

3 **SECTION 3.** Notwithstanding ORS 323.030 (3), for the privilege of distributing cigarettes  
 4 as a distributor, as defined in ORS 323.015, and for holding or storing cigarettes for sale, use  
 5 or consumption, a floor tax and cigarette adjustment indicia tax is imposed upon every dis-  
 6 tributor in the amount of \$\_\_\_\_\_ for each Oregon cigarette tax stamp bearing the desig-  
 7 nation “25,” and in the amount of \$\_\_\_\_\_ for each Oregon cigarette tax stamp bearing the  
 8 designation “20,” that is affixed to any package of cigarettes in the possession of or under  
 9 the control of the distributor at 12:01 a.m. on January 1, 2019.

10 **SECTION 4.** (1) Every distributor, as defined in ORS 323.015, must take an inventory as  
 11 of 12:01 a.m. on January 1, 2019, of all packages of cigarettes to which are affixed Oregon  
 12 cigarette tax stamps and of all unaffixed Oregon cigarette tax stamps in the possession of  
 13 or under the control of the distributor.

14 (2) Every distributor must file a report with the Department of Revenue by January 20,  
 15 2019, in such form as the department may prescribe, showing:

16 (a) The number of Oregon cigarette tax stamps, with the designations of the stamps, that  
 17 were affixed to packages of cigarettes in the possession of or under the control of the dis-  
 18 tributor at 12:01 a.m. on January 1, 2019; and

19 (b) The number of unaffixed Oregon cigarette tax stamps, with the designations of the  
 20 stamps, that were in the possession of or under the control of the distributor at 12:01 a.m.  
 21 on January 1, 2019.

22 (3) The amount of tax required to be paid with respect to the affixed Oregon cigarette  
 23 tax stamps shall be computed pursuant to section 3 of this 2018 Act and remitted with the  
 24 distributor’s report. Any amount of tax not paid within the time specified for the filing of  
 25 the report shall bear interest at the rate established under ORS 305.220 per month, or frac-  
 26 tion of a month, from the due date of the report until paid.

27 **SECTION 5.** ORS 323.031 is amended to read:

28 323.031. (1) [Notwithstanding ORS 323.030 (2) and] In addition to and not in lieu of any other tax,  
 29 every distributor shall pay a tax upon distributions of cigarettes at the rate of [30] \_\_\_\_\_ mills  
 30 for the distribution of each cigarette in this state.

31 (2) Any cigarette for which a tax has once been imposed under ORS 323.005 to 323.482 may not  
 32 be subject upon a subsequent distribution to the taxes imposed by ORS 323.005 to 323.482.

33 **SECTION 6.** ORS 323.457 is amended to read:

34 323.457. (1) Moneys received under ORS 323.031 shall be paid over to the State Treasurer to be  
 35 held in a suspense account established under ORS 293.445. After the payment of refunds:

36 (a) [29.37/30] \_\_\_\_\_ of the moneys shall be credited to the Oregon Health [Plan] **Authority**  
 37 Fund established under ORS [414.109] **413.101**;

38 (b) [0.14/30] \_\_\_\_\_ of the moneys are continuously appropriated to the Oregon Department of  
 39 Administrative Services for distribution to the cities of this state;

40 (c) [0.14/30] \_\_\_\_\_ of the moneys are continuously appropriated to the Oregon Department of  
 41 Administrative Services for distribution to the counties of this state;

42 (d) [0.14/30] \_\_\_\_\_ of the moneys are continuously appropriated to the Department of Trans-  
 43 portation to be distributed and transferred to the Elderly and Disabled Special Transportation Fund  
 44 established under ORS 391.800; and

45 (e) [0.21/30] \_\_\_\_\_ of the moneys shall be credited to the Tobacco Use Reduction Account

1 established under ORS 431A.153.

2 (2)(a) Moneys distributed to cities and counties under this section shall be distributed to each  
3 city or county using the proportions used for distributions made under ORS 323.455.

4 (b) Moneys shall be distributed to cities, counties and the Elderly and Disabled Special Trans-  
5 portation Fund at the same time moneys are distributed to cities, counties and the Elderly and  
6 Disabled Special Transportation Fund under ORS 323.455.

7 **SECTION 7. All moneys received by the Department of Revenue from the taxes imposed**  
8 **by sections 2 and 3 of this 2018 Act shall be paid over to the State Treasurer to be held in**  
9 **a suspense account established under ORS 293.445. After payment of refunds, the balance**  
10 **shall be credited to the General Fund.**

11 **SECTION 8. The amendments to ORS 323.031 and 323.457 by sections 5 and 6 of this 2018**  
12 **Act apply to distributions of cigarettes occurring on or after January 1, 2019.**

13  
14 (Adjustment to Medical Assistance Expenditures and Revenues)  
15

16 **SECTION 9. The Oregon Health Authority shall terminate payments of the administra-**  
17 **tive expense portion of the hospital reimbursement adjustment made to coordinated care**  
18 **organizations out of moneys in the Hospital Quality Assurance Fund established in section**  
19 **9, chapter 736, Oregon Laws 2003.**

20 **SECTION 10. Section 9 of this 2018 Act applies to payments of the administrative expense**  
21 **portion of the hospital reimbursement adjustment made to coordinated care organizations**  
22 **on and after July 1, 2018.**

23 **SECTION 11. If the actual decrease in the medical assistance caseload on the effective**  
24 **date of this 2018 Act is greater than the decrease in the medical assistance caseload**  
25 **projected by the Oregon Health Authority as of June 30, 2017, up to \$85 million of the dif-**  
26 **ference between the actual caseload savings and the projected caseload savings are trans-**  
27 **ferred to the Oregon Health Authority Fund established in ORS 413.101.**

28  
29 (Reconciliation of Addresses of Medical Assistance  
30 Recipients With National Change of Address Product)  
31

32 **SECTION 12. At regular intervals of not less than six months, the Oregon Health Au-**  
33 **thority shall reconcile the addresses listed for individuals receiving medical assistance with**  
34 **the National Change of Address product licensed by the United States Postal Service to de-**  
35 **termine if any recipients of medical assistance have moved out of this state. If the recon-**  
36 **ciliation shows that a recipient of medical assistance has moved out of this state, the**  
37 **authority shall immediately take appropriate actions to terminate the recipient's medical**  
38 **assistance.**

39  
40 (Health Care Assessments)  
41

42 **SECTION 13. Section 1, chapter 736, Oregon Laws 2003, as amended by section 34, chapter 792,**  
43 **Oregon Laws 2009, and section 26, chapter 538, Oregon Laws 2017, is amended to read:**

44 **Sec. 1. As used in sections 1 to 9, chapter 736, Oregon Laws 2003:**

45 (1) "Charity care" means costs for providing inpatient or outpatient care services free of charge

1 or at a reduced charge because of the indigence or lack of health insurance of the patient receiving  
 2 the care services.

3 (2) “Contractual adjustments” means the difference between the amounts charged based on the  
 4 hospital’s full established charges and the amount received or due from the payor.

5 (3) **“Health district hospital” means a hospital created by a health district under ORS**  
 6 **440.315 to 440.410.**

7 [(3)(a)] (4)(a) “Hospital” means a hospital licensed under ORS chapter 441.

8 (b) “Hospital” does not include:

9 (A) Special inpatient care facilities;

10 (B) Hospitals that provide only psychiatric care;

11 (C) Pediatric specialty hospitals providing care to children at no charge; and

12 (D) Public hospitals other than **health district** hospitals [*created by health districts under ORS*  
 13 *440.315 to 440.410*].

14 [(4)] (5) “Net revenue”:

15 (a) Means the total amount of charges for inpatient or outpatient care provided by the hospital  
 16 to patients, less charity care, bad debts and contractual adjustments;

17 (b) Does not include revenue derived from sources other than inpatient or outpatient operations,  
 18 including but not limited to interest and guest meals; and

19 (c) Does not include any revenue that is taken into account in computing a long term care fa-  
 20 cility assessment under sections 15 to 22, 24 and 29, chapter 736, Oregon Laws 2003.

21 [(5)] (6) “Type A hospital” has the meaning given that term in ORS 442.470.

22 [(6)] (7) “Type B hospital” has the meaning given that term in ORS 442.470.

23 **SECTION 14.** Section 1, chapter 736, Oregon Laws 2003, as amended by section 34, chapter 792,  
 24 Oregon Laws 2009, section 26, chapter 538, Oregon Laws 2017, and section 13 of this 2018 Act, is  
 25 amended to read:

26 **Sec. 1.** As used in sections 1 to 9, chapter 736, Oregon Laws 2003:

27 (1) **“Ambulatory surgical center” has the meaning given that term in ORS 442.015.**

28 [(1)] (2) “Charity care” means costs for providing inpatient or outpatient care services free of  
 29 charge or at a reduced charge because of the indigence or lack of health insurance of the patient  
 30 receiving the care services.

31 [(2)] (3) “Contractual adjustments” means the difference between the amounts charged based on  
 32 the hospital’s full established charges and the amount received or due from the payor.

33 [(3)] (4) “Health district hospital” means a hospital created by a health district under ORS  
 34 440.315 to 440.410.

35 [(4)(a)] (5)(a) “Hospital” means a hospital licensed under ORS chapter 441.

36 (b) “Hospital” does not include:

37 (A) Special inpatient care facilities;

38 (B) Hospitals that provide only psychiatric care;

39 (C) Pediatric specialty hospitals providing care to children at no charge; and

40 (D) Public hospitals other than health district hospitals.

41 [(5)] (6) “Net revenue”:

42 (a) Means the total amount of charges for inpatient or outpatient care provided by the hospital  
 43 to patients, less charity care, bad debts and contractual adjustments;

44 (b) Does not include revenue derived from sources other than inpatient or outpatient operations,  
 45 including but not limited to interest and guest meals; and

1 (c) Does not include any revenue that is taken into account in computing a long term care fa-  
2 cility assessment under sections 15 to 22, 24 and 29, chapter 736, Oregon Laws 2003.

3 [(6)] (7) "Type A hospital" has the meaning given that term in ORS 442.470.

4 [(7)] (8) "Type B hospital" has the meaning given that term in ORS 442.470.

5 **SECTION 15.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,  
6 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws  
7 2009, section 2, chapter 608, Oregon Laws 2013, section 1, chapter 16, Oregon Laws 2015, and  
8 sections 27 and 28, chapter 538, Oregon Laws 2017, is amended to read:

9 **Sec. 2.** (1)(a) An assessment is imposed on the net revenue of each hospital in this state. **Except**  
10 **as provided in paragraph (b) of this subsection,** the assessment shall be imposed at a rate [*de-*  
11 *termined by the Director of the Oregon Health Authority by rule that is the director's best estimate of*  
12 *the rate needed to fund the services and costs identified in section 9, chapter 736, Oregon Laws 2003.*  
13 *The rate of assessment shall be imposed on the net revenue of each hospital subject to assessment. The*  
14 *director shall consult with representatives of hospitals before setting the assessment] of six percent.*

15 **(b) The Director of the Oregon Health Authority may impose a rate of less than six**  
16 **percent on the net revenue of type A hospitals, type B hospitals or health district hospitals**  
17 **to take into account the hospitals' financial position.**

18 [(2) *In addition to the assessment imposed by subsection (1) of this section, an assessment of 0.7*  
19 *percent is imposed on the net revenue of each hospital in this state that is not a type A hospital or type*  
20 *B hospital.*]

21 [(3)] (2) Each assessment shall be reported on a form prescribed by the Oregon Health Authority  
22 and shall contain the information required to be reported by the authority. The assessment form  
23 shall be filed with the authority on or before the 45th day following the end of the calendar quarter  
24 for which the assessment is being reported. Except as provided in subsection [(6)] (5) of this section,  
25 the hospital shall pay the assessment at the time the hospital files the assessment report. The pay-  
26 ment shall accompany the report.

27 [(4)(a)] (3)(a) To the extent permitted by federal law, assessments imposed under subsection (1)  
28 of this section may not exceed, [*the lesser of:*]

29 [(A) *A rate of 5.3 percent; or*]

30 [(B)] in the aggregate, the total of the following amounts received by the hospitals that are re-  
31 imbursed by Medicare based on diagnostic related groups:

32 [(i)] (A) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority  
33 for inpatient hospital services;

34 [(ii)] (B) 41 percent of payments made to the hospitals on a fee-for-service basis by the authority  
35 for outpatient hospital services; and

36 [(iii)] (C) Payments made to the hospitals using a payment methodology established by the au-  
37 thority that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery  
38 System described in ORS 414.620 (3).

39 (b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed under sub-  
40 section (1) of this section on or after July 1, 2015, may exceed the total of the amounts described  
41 in paragraph (a) of this subsection to the extent necessary to compensate for any reduction of  
42 funding in the legislatively adopted budget for hospital services under ORS 414.631, 414.651 and  
43 414.688 to 414.745.

44 [(c) *The director may impose a lower rate of assessment on type A hospitals and type B hospitals*  
45 *to take into account the hospitals' financial position.*]

1        [(5)] (4) Notwithstanding subsection [(4)] (3) of this section, a hospital is not guaranteed that  
 2 any additional moneys paid to the hospital in the form of payments for services shall equal or exceed  
 3 the amount of the assessment paid by the hospital.

4        [(6)(a)] (5)(a) The authority shall develop a schedule for collection of the assessment for the  
 5 calendar quarter ending September 30, 2021, that will result in the collection occurring between  
 6 December 15, 2021, and the time all Medicaid cost settlements are finalized for that calendar quar-  
 7 ter.

8        (b) The authority shall prescribe by rule criteria for late payment of assessments.

9        **SECTION 16.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,  
 10 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws  
 11 2009, section 2, chapter 608, Oregon Laws 2013, section 1, chapter 16, Oregon Laws 2015, sections  
 12 27 and 28, chapter 538, Oregon Laws 2017, and section 15 of this 2018 Act, is amended to read:

13        **Sec. 2.** (1)(a) An assessment is imposed on the net revenue of each hospital in this state. Except  
 14 as provided in paragraph (b) of this subsection, the assessment shall be imposed at a rate of six  
 15 percent.

16        (b) The Director of the Oregon Health Authority may impose a rate of less than six percent on  
 17 the net revenue of type A hospitals, type B hospitals or health district hospitals to take into account  
 18 the hospitals' financial position.

19        **(2) The director shall impose an assessment at a rate no greater than six percent on the**  
 20 **net revenues of:**

21        **(a) Ambulatory surgical centers for providing facility services other than surgical pro-**  
 22 **cedures; and**

23        **(b) Emergency ambulance services.**

24        [(2)] (3) Each assessment shall be reported on a form prescribed by the Oregon Health Authority  
 25 and shall contain the information required to be reported by the authority. The assessment form  
 26 shall be filed with the authority on or before the 45th day following the end of the calendar quarter  
 27 for which the assessment is being reported. Except as provided in subsection [(5)] (6) of this section,  
 28 the hospital, **ambulatory surgical center and emergency ambulance service provider** shall pay  
 29 the assessment at the time the [*hospital files the*] assessment report **is filed**. The payment shall ac-  
 30 company the report.

31        [(3)(a)] (4)(a) To the extent permitted by federal law, assessments imposed under subsection (1)  
 32 of this section may not exceed, in the aggregate, the total of the following amounts received by the  
 33 hospitals that are reimbursed by Medicare based on diagnostic related groups:

34        (A) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority for  
 35 inpatient hospital services;

36        (B) 41 percent of payments made to the hospitals on a fee-for-service basis by the authority for  
 37 outpatient hospital services; and

38        (C) Payments made to the hospitals using a payment methodology established by the authority  
 39 that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery System  
 40 described in ORS 414.620 (3).

41        (b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed under sub-  
 42 section (1) of this section on or after July 1, 2015, may exceed the total of the amounts described  
 43 in paragraph (a) of this subsection to the extent necessary to compensate for any reduction of  
 44 funding in the legislatively adopted budget for hospital services under ORS 414.631, 414.651 and  
 45 414.688 to 414.745.

1        [(4)] (5) Notwithstanding subsection [(3)] (4) of this section, a hospital, **ambulatory surgical**  
 2 **center or emergency ambulance service provider** is not guaranteed that any additional moneys  
 3 paid to the hospital, **ambulatory surgical center or emergency ambulance service provider** in  
 4 the form of payments for services shall equal or exceed the amount of the assessment paid by the  
 5 hospital, **ambulatory surgical center or emergency ambulance service provider**.

6        [(5)(a)] (6)(a) The authority shall develop a schedule for collection of the [assessment] **assess-**  
 7 **ments** for the calendar quarter ending September 30, 2021, that will result in the collection occur-  
 8 ring between December 15, 2021, and the time all Medicaid cost settlements are finalized for that  
 9 calendar quarter.

10        (b) The authority shall prescribe by rule criteria for late payment of assessments.

11        **SECTION 17.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,  
 12 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws  
 13 2009, section 2, chapter 608, Oregon Laws 2013, section 1, chapter 16, Oregon Laws 2015, and  
 14 sections 27, 28 and 29, chapter 538, Oregon Laws 2017, is amended to read:

15        **Sec. 2.** (1)(a) An assessment is imposed on the net revenue of each hospital in this state. **Except**  
 16 **as provided in paragraph (b) of this subsection,** the assessment shall be imposed at a rate [*de-*  
 17 *termined by the Director of the Oregon Health Authority by rule that is the director's best estimate of*  
 18 *the rate needed to fund the services and costs identified in section 9, chapter 736, Oregon Laws 2003.*  
 19 *The rate of assessment shall be imposed on the net revenue of each hospital subject to assessment. The*  
 20 *director shall consult with representatives of hospitals before setting the assessment] **of six percent.***

21        **(b) The Director of the Oregon Health Authority may impose a rate of less than six**  
 22 **percent on the net revenue of type A hospitals, type B hospitals or health district hospitals**  
 23 **to take into account the hospitals' financial position.**

24        (2) **The director shall impose an assessment at a rate no greater than six percent on the**  
 25 **net revenues of:**

26        (a) **Ambulatory surgical centers for providing facility services other than surgical pro-**  
 27 **cedures; and**

28        (b) **Emergency ambulance services.**

29        [(2)] (3) Each assessment shall be reported on a form prescribed by the Oregon Health Authority  
 30 and shall contain the information required to be reported by the authority. The assessment form  
 31 shall be filed with the authority on or before the 45th day following the end of the calendar quarter  
 32 for which the assessment is being reported. Except as provided in subsection [(5)] (6) of this section,  
 33 the hospital, **ambulatory surgical center and emergency ambulance service provider** shall pay  
 34 the assessment at the time the [*hospital files the*] assessment report **is filed**. The payment shall ac-  
 35 company the report.

36        [(3)(a)] (4)(a) To the extent permitted by federal law, [*aggregate*] assessments imposed under  
 37 **subsection (1) of this section may not exceed, in the aggregate,** the total of the following amounts  
 38 received by the hospitals that are reimbursed by Medicare based on diagnostic related groups:

39        (A) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority for  
 40 inpatient hospital services;

41        (B) 41 percent of payments made to the hospitals on a fee-for-service basis by the authority for  
 42 outpatient hospital services; and

43        (C) Payments made to the hospitals using a payment methodology established by the authority  
 44 that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery System  
 45 described in ORS 414.620 (3).

1 (b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed under  
 2 **subsection (1) of this section** on or after July 1, 2015, may exceed the total of the amounts de-  
 3 scribed in paragraph (a) of this subsection to the extent necessary to compensate for any reduction  
 4 of funding in the legislatively adopted budget for hospital services under ORS 414.631, 414.651 and  
 5 414.688 to 414.745.

6 *[(c) The director may impose a lower rate of assessment on type A hospitals and type B hospitals*  
 7 *to take into account the hospitals' financial position.]*

8 *[(4)] (5) [Notwithstanding subsection (3) of this section,]* A hospital, **ambulatory surgical center**  
 9 **or emergency ambulance service provider** is not guaranteed that any additional moneys paid to  
 10 the hospital, **ambulatory surgical center or emergency ambulance service provider** in the form  
 11 of payments for services shall equal or exceed the amount of the assessment paid by the hospital,  
 12 **ambulatory surgical center or emergency ambulance service provider**.

13 *[(5)(a)] (6)(a)* The authority shall develop a schedule for collection of the *[assessment]* **assess-**  
 14 **ments** for the calendar quarter ending September 30, 2021, that will result in the collection occur-  
 15 ring between December 15, 2021, and the time all Medicaid cost settlements are finalized for that  
 16 calendar quarter.

17 (b) The authority shall prescribe by rule criteria for late payment of assessments.

18 **SECTION 18.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,  
 19 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws  
 20 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, section  
 21 7, chapter 608, Oregon Laws 2013, and sections 33, 34 and 35, chapter 538, Oregon Laws 2017, is  
 22 amended to read:

23 **Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate  
 24 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall  
 25 be credited to the Hospital Quality Assurance Fund.

26 (2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the  
 27 Oregon Health Authority for the purpose of:

28 (a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

29 (b) Funding *[services under ORS 414.631, 414.651 and 414.688 to 414.745]* **medical assistance**  
 30 **under ORS chapter 414**, including but not limited to increasing reimbursement rates for inpatient  
 31 and outpatient hospital services *[under ORS 414.631, 414.651 and 414.688 to 414.745];*

32 *[(c) Making payments described in section 2 (4)(a)(B)(iii), chapter 736, Oregon Laws 2003;]*

33 *[(d) Making payments to coordinated care organizations to be used to provide additional re-*  
 34 *imbursement to type A hospitals and type B hospitals to improve and expand access to services for*  
 35 *medical assistance recipients, to the extent permitted by federal requirements; and]*

36 (c) **Making qualified directed payments to coordinated care organizations to be used to**  
 37 **provide to type A hospitals, type B hospitals and health district hospitals additional re-**  
 38 **imbursement that:**

39 (A) **Is based on the utilization and delivery of services;**

40 (B) **Is expended equally, using the same terms of performance for all type A hospitals,**  
 41 **type B hospitals and health district hospitals;**

42 (C) **Is expected to advance at least one of the goals of the state's quality strategy;**

43 (D) **Is evaluated on the degree to which the reimbursement advances at least one of the**  
 44 **goals of the state's quality strategy;**

45 (E) **Does not require a hospital to enter into an intergovernmental transfer agreement;**



1 **and**

2 **(F) Is not renewed automatically; and**

3 [(e)] **(d)** Paying administrative costs incurred by the authority to administer the assessments  
4 imposed under section 2, chapter 736, Oregon Laws 2003.

5 (3) Except for assessments imposed pursuant to section 2 [(4)(b)] **(3)(b)**, chapter 736, Oregon  
6 Laws 2003, the authority may not use moneys from the Hospital Quality Assurance Fund to  
7 supplant, directly or indirectly, other moneys made available to fund services described in sub-  
8 section (2) of this section.

9 **SECTION 19.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,  
10 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws  
11 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, section  
12 7, chapter 608, Oregon Laws 2013, sections 33, 34 and 35, chapter 538, Oregon Laws 2017, and sec-  
13 tion 18 of this 2018 Act, is amended to read:

14 **Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate  
15 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall  
16 be credited to the Hospital Quality Assurance Fund.

17 (2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the  
18 Oregon Health Authority for the purpose of:

19 (a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

20 (b) Funding medical assistance under ORS chapter 414, including but not limited to increasing  
21 reimbursement rates for inpatient, [and] outpatient [hospital] **and emergency ambulance** services;

22 (c) Making qualified directed payments to coordinated care organizations to be used to provide  
23 to type A hospitals, type B hospitals and health district hospitals additional reimbursement that:

24 (A) Is based on the utilization and delivery of services;

25 (B) Is expended equally, using the same terms of performance for all type A hospitals, type B  
26 hospitals and health district hospitals;

27 (C) Is expected to advance at least one of the goals of the state's quality strategy;

28 (D) Is evaluated on the degree to which the reimbursement advances at least one of the goals  
29 of the state's quality strategy;

30 (E) Does not require a hospital to enter into an intergovernmental transfer agreement; and

31 (F) Is not renewed automatically; and

32 (d) Paying administrative costs incurred by the authority to administer the assessments imposed  
33 under section 2, chapter 736, Oregon Laws 2003.

34 (3) Except for assessments imposed pursuant to section 2 [(3)(b)] **(4)(b)**, chapter 736, Oregon  
35 Laws 2003, the authority may not use moneys from the Hospital Quality Assurance Fund to  
36 supplant, directly or indirectly, other moneys made available to fund services described in sub-  
37 section (2) of this section.

38 **SECTION 20.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,  
39 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws  
40 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, section  
41 7, chapter 608, Oregon Laws 2013, and sections 33, 34, 35 and 36, chapter 538, Oregon Laws 2017,  
42 is amended to read:

43 **Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate  
44 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall  
45 be credited to the Hospital Quality Assurance Fund.

1 (2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the  
2 Oregon Health Authority for the purpose of:

3 (a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

4 (b) Funding [*services under ORS 414.631, 414.651 and 414.688 to 414.745*] **medical assistance**  
5 **under ORS chapter 414**, including but not limited to increasing reimbursement rates for  
6 inpatient, [*and*] outpatient [*hospital*] **and emergency ambulance** services [*under ORS 414.631,*  
7 *414.651 and 414.688 to 414.745*];

8 [*(c) Making payments described in section 2 (3)(a)(C), chapter 736, Oregon Laws 2003;*]

9 [*(d) Making payments to coordinated care organizations to be used to provide additional re-*  
10 *imbursement to type A hospitals and type B hospitals to improve and expand access to services for*  
11 *medical assistance recipients, to the extent permitted by federal requirements; and*]

12 (c) **Making qualified directed payments to coordinated care organizations to be used to**  
13 **provide to type A hospitals, type B hospitals and health district hospitals additional re-**  
14 **imbursement that:**

15 (A) **Is based on the utilization and delivery of services;**

16 (B) **Is expended equally, using the same terms of performance for all type A hospitals,**  
17 **type B hospitals and health district hospitals;**

18 (C) **Is expected to advance at least one of the goals of the state's quality strategy;**

19 (D) **Is evaluated on the degree to which the reimbursement advances at least one of the**  
20 **goals of the state's quality strategy;**

21 (E) **Does not require a hospital to enter into an intergovernmental transfer agreement;**  
22 **and**

23 (F) **Is not renewed automatically; and**

24 [*(e)*] (d) Paying administrative costs incurred by the authority to administer the assessments  
25 imposed under section 2, chapter 736, Oregon Laws 2003.

26 (3) Except for assessments imposed pursuant to section 2 [(3)(b)] (4)(b), chapter 736, Oregon  
27 Laws 2003, the authority may not use moneys from the Hospital Quality Assurance Fund to  
28 supplant, directly or indirectly, other moneys made available to fund services described in sub-  
29 section (2) of this section.

30 **SECTION 21.** Section 10, chapter 736, Oregon Laws 2003, as amended by section 3, chapter 780,  
31 Oregon Laws 2007, section 20, chapter 867, Oregon Laws 2009, section 8, chapter 608, Oregon Laws  
32 2013, section 2, chapter 16, Oregon Laws 2015, and section 37a, chapter 538, Oregon Laws 2017, is  
33 amended to read:

34 **Sec. 10.** Sections 1 to 9, chapter 736, Oregon Laws 2003, apply to net revenues earned by hos-  
35 pitals during a period beginning [*October 1, 2015*] **January 1, 2018**, and ending the earlier of Sep-  
36 tember 30, 2021, or the date on which the assessment no longer qualifies for federal financial  
37 participation under Title XIX or XXI of the Social Security Act.

38 **SECTION 22.** Section 10, chapter 736, Oregon Laws 2003, as amended by section 3, chapter 780,  
39 Oregon Laws 2007, section 20, chapter 867, Oregon Laws 2009, section 8, chapter 608, Oregon Laws  
40 2013, section 2, chapter 16, Oregon Laws 2015, section 37a, chapter 538, Oregon Laws 2017, and  
41 section 21 of this 2018 Act, is amended to read:

42 **Sec. 10. (1)** Sections 1 to 9, chapter 736, Oregon Laws 2003, apply to net revenues earned by  
43 hospitals, **other than health district hospitals**, during a period beginning January 1, 2018, and  
44 ending the earlier of September 30, 2021, or the date on which the assessment no longer qualifies  
45 for federal financial participation under Title XIX or XXI of the Social Security Act.



