

B-Engrossed
House Bill 3501

Ordered by the Senate June 11
Including House Amendments dated May 10 and Senate Amendments
dated June 11

Sponsored by Representative KOTEK; Senator BATES

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires fully capitated health plan to pay noncontracting hospital at 80 percent of Medicare rate.

Sunsets requirement January 2, 2010.

A BILL FOR AN ACT

1
2 Relating to rates for payments to noncontracting hospitals; creating new provisions; and amending
3 ORS 414.743.

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

5 **SECTION 1.** ORS 414.743 is amended to read:

6 414.743. (1) As used in this section, "fully capitated health plan" means an organization that
7 contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725
8 to provide an adequate network of providers to ensure that all health services described in ORS
9 414.705 are reasonably accessible to enrollees.

10 (2) A fully capitated health plan that does not have a contract with a hospital to provide inpa-
11 tient or outpatient hospital services under ORS 414.705 to 414.750 must pay for hospital services
12 [as follows:]

13 [(a) For inpatient hospital services, based on the capitation rates developed for the budget period,
14 at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount
15 factor and an adjustment factor of 0.925] **at 80 percent of the Medicare rate for the noncon-**
16 **tracting hospital.**

17 [(b) For outpatient hospital services, based on the capitation rates developed for the budget period,
18 at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor,
19 the payment discount factor and an adjustment factor of 0.925.]

20 (3) A hospital that does not have a contract with a fully capitated health plan to provide inpa-
21 tient or outpatient hospital services under ORS 414.705 to 414.750 must accept [payment for hospital
22 services as follows:]

23 [(a) For inpatient hospital services, based on the capitation rates developed for the budget period,
24 at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount
25 factor and an adjustment factor of 0.925.]

26 [(b) For outpatient hospital services, based on the capitation rates developed for the budget period,
27 at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor,

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 *the payment discount factor and an adjustment factor of 0.925] as payment in full the rates de-*
2 **scribed in subsection (2) of this section.**

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

5 (5) The Department of Human Services shall adopt rules to implement and administer this sec-
6 tion.

7 **SECTION 2.** ORS 414.743, as amended by section 1 of this 2007 Act, is amended to read:

8 414.743. (1) As used in this section, “fully capitated health plan” means an organization that
9 contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725
10 to provide an adequate network of providers to ensure that all health services described in ORS
11 414.705 are reasonably accessible to enrollees.

12 (2) A fully capitated health plan that does not have a contract with a hospital to provide inpa-
13 tient or outpatient hospital services under ORS 414.705 to 414.750 must pay for hospital services
14 *[at 80 percent of the Medicare rate for the noncontracting hospital]* **as follows:**

15 (a) **For inpatient hospital services, based on the capitation rates developed for the budget**
16 **period, at the level of the statewide average unit cost, multiplied by the geographic factor,**
17 **the payment discount factor and an adjustment factor of 0.925.**

18 (b) **For outpatient hospital services, based on the capitation rates developed for the**
19 **budget period, at the level of charges multiplied by the statewide average cost-to-charge ra-**
20 **tio, the geographic factor, the payment discount factor and an adjustment factor of 0.925.**

21 (3) A hospital that does not have a contract with a fully capitated health plan to provide inpa-
22 tient or outpatient hospital services under ORS 414.705 to 414.750 must accept *[as payment in full*
23 *the rates described in subsection (2) of this section]* **as payment in full for hospital services, rates:**

24 (a) **For inpatient hospital services, based on the capitation rates developed for the budget**
25 **period, at the level of the statewide average unit cost, multiplied by the geographic factor,**
26 **the payment discount factor and an adjustment factor of 0.925.**

27 (b) **For outpatient hospital services, based on the capitation rates developed for the**
28 **budget period, at the level of charges multiplied by the statewide average cost-to-charge ra-**
29 **tio, the geographic factor, the payment discount factor and an adjustment factor of 0.925.**

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

32 (5) The Department of Human Services shall adopt rules to implement and administer this sec-
33 tion.

34 **SECTION 3. The amendments to ORS 414.743 by section 2 of this 2007 Act become oper-**
35 **ative on January 2, 2010.**

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