

# Senate Bill 3

Sponsored by Senators MONNES ANDERSON, CARTER; Senators AVAKIAN, BATES, BROWN, BURDICK, COURTNEY, DECKERT, DEVLIN, GORDLY, JOHNSON, METSGER, MONROE, MORRISETTE, PROZANSKI, VERGER, WALKER, WESTLUND

## 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**.

Creates Oregon Healthy Kids Program, which includes private health option to provide health care coverage to children. Imposes duties on Department of Human Services and Office of Private Health Partnerships to carry out program.

Creates grant program in Office of Private Health Partnerships to fund outreach, enrollment and retention activities related to Oregon Healthy Kids Program.

Establishes Private Health Option Program Account. Continuously appropriates moneys in account to Office of Private Health Partnerships for purposes of administering private health option.

Establishes Oregon Healthy Kids Program Fund. Continuously appropriates moneys in fund to Department of Human Services for purposes of Oregon Healthy Kids Program.

Establishes Healthy Kids Safety Net Fund. Continuously appropriates moneys in fund to Department of Human Services for grants to community health centers and safety net clinics.

Allocates cigarette and other tobacco products taxes imposed by Oregon Constitution.

Takes effect only if Senate Joint Resolution 4 (2007) is approved by people. Takes effect on effective date of proposed constitutional amendment.

## A BILL FOR AN ACT

1  
2 Relating to health; creating new provisions; amending ORS 323.455, 323.457, 323.505, 414.025, 414.725,  
3 414.839, 442.507, 735.701, 735.710 and 735.754; appropriating money; and prescribing an effective  
4 date.

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

## OREGON HEALTHY KIDS PROGRAM

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9 **SECTION 1. Sections 2 and 3 of this 2007 Act are added to and made a part of ORS**  
10 **chapter 414.**

11 **SECTION 2. (1) The Oregon Healthy Kids Program is created to provide health care**  
12 **coverage for Oregon's children. The program is composed of:**

13 (a) **Medical assistance administered by the Department of Human Services provided to**  
14 **children under the state programs funded by Title XIX of the Social Security Act, under the**  
15 **Children's Health Insurance Program funded by Title XXI of the Social Security Act and**  
16 **under state programs funded by the Legislative Assembly;**

17 (b) **A private health option administered by the Office of Private Health Partnerships**  
18 **under sections 8 and 9 of this 2007 Act;**

19 (c) **A statewide Healthy Kids Advice Line; and**

20 (d) **A statewide Healthy Kids Healthcare Access Line.**

21 (2) **A child or a person authorized to act on behalf of a child may apply to the Department**  
22 **of Human Services for a determination of the child's eligibility for the Oregon Healthy Kids**  
23 **Program.**

**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       **(3) When an application is received by the department under subsection (2) of this sec-**  
2 **tion, the department shall determine whether the child is eligible for medical assistance. The**  
3 **department shall enroll an eligible child in an appropriate medical assistance program re-**  
4 **ferred to in subsection (1) of this section.**

5       **(4) If the department determines that a child for whom application has been made under**  
6 **subsection (2) of this section is not eligible for medical assistance but is eligible for enroll-**  
7 **ment in the private health option, the department shall transfer the application to the Office**  
8 **of Private Health Partnerships to complete the enrollment process.**

9       **(5) The Department of Human Services and the Office of Private Health Partnerships**  
10 **shall streamline and simplify the application process for the Oregon Healthy Kids Program,**  
11 **by means including the development and implementation of an online application process for**  
12 **the program.**

13       **(6) Notwithstanding subsection (5) of this section, the department shall adopt verification**  
14 **requirements to ensure that recipients of benefits in the Oregon Healthy Kids Program are**  
15 **legal residents.**

16       **SECTION 3. (1)(a) Except as provided in subsection (2) of this section, to be eligible for**  
17 **the private health option under sections 8 and 9 of this 2007 Act or for the Children’s Health**  
18 **Insurance Program funded by Title XXI of the Social Security Act, a child must be uninsured**  
19 **for a minimum of 60 consecutive days immediately preceding enrollment.**

20       **(b) As used in this subsection, “uninsured” means that a person is not enrolled in an**  
21 **unsubsidized or privately funded health benefit plan.**

22       **(2) The Department of Human Services may adopt rules specifying exceptions to the re-**  
23 **quirement in subsection (1) of this section.**

24       **(3) A child is eligible for enrollment in the Children’s Health Insurance Program only if**  
25 **the household income of the child’s family is no more than 200 percent of the federal poverty**  
26 **guidelines.**

27       **(4) The department shall adopt rules for annually renewing enrollment in the Oregon**  
28 **Healthy Kids Program.**

29       **SECTION 4. ORS 414.025 is amended to read:**

30       414.025. As used in this chapter, unless the context or a specially applicable statutory definition  
31 requires otherwise:

32       (1) “Category of aid” means assistance provided by the Oregon Supplemental Income Program,  
33 temporary assistance for needy families granted under ORS 418.035 to 418.125 or federal Supple-  
34 mental Security Income payments.

35       (2) “Categorically needy” means, insofar as funds are available for the category, a person who  
36 is a resident of this state and who:

37       (a) Is receiving a category of aid.

38       (b) Would be eligible for, but is not receiving a category of aid.

39       (c) Is in a medical facility and, if the person left such facility, would be eligible for a category  
40 of aid.

41       (d) Is under the age of 21 years and would be a dependent child under the program for tempo-  
42 rary assistance for needy families except for age and regular attendance in school or in a course  
43 of professional or technical training.

44       (e)(A) Is a caretaker relative named in ORS 418.035 (2)(a)(C) who cares for a dependent child  
45 who would be a dependent child under the program for temporary assistance for needy families ex-

1 cept for age and regular attendance in school or in a course of professional or technical training;  
 2 or

3 (B) Is the spouse of such caretaker relative and fulfills the requirements of ORS 418.035 (1).

4 (f) Is under the age of 21 years, is in a foster family home or licensed child-caring agency or  
 5 institution under a purchase of care agreement and is one for whom a public agency of this state  
 6 is assuming financial responsibility, in whole or in part.

7 (g) Is a spouse of an individual receiving a category of aid and who is living with the recipient  
 8 of a category of aid, whose needs and income are taken into account in determining the cash needs  
 9 of the recipient of a category of aid, and who is determined by the Department of Human Services  
 10 to be essential to the well-being of the recipient of a category of aid.

11 (h) Is a caretaker relative named in ORS 418.035 (2)(a)(C) who cares for a dependent child re-  
 12 ceiving temporary assistance for needy families or is the spouse of such caretaker relative and ful-  
 13 fills the requirements of ORS 418.035 (1).

14 (i) Is under the age of 21 years, is in a youth care center and is one for whom a public agency  
 15 of this state is assuming financial responsibility, in whole or in part.

16 (j) Is under the age of 21 years and is in an intermediate care facility which includes institutions  
 17 for the mentally retarded; or is under the age of 22 years and is in a psychiatric hospital.

18 (k) Is under the age of 21 years and is in an independent living situation with all or part of the  
 19 maintenance cost paid by the Department of Human Services.

20 (L) Is a member of a family that received temporary assistance for needy families in at least  
 21 three of the six months immediately preceding the month in which such family became ineligible for  
 22 such assistance because of increased hours of or increased income from employment. As long as the  
 23 member of the family is employed, such families will continue to be eligible for medical assistance  
 24 for a period of at least six calendar months beginning with the month in which such family became  
 25 ineligible for assistance because of increased hours of employment or increased earnings.

26 (m) Is an adopted person under 21 years of age for whom a public agency is assuming financial  
 27 responsibility in whole or in part.

28 (n) Is an individual or is a member of a group who is required by federal law to be included in  
 29 the state's medical assistance program in order for that program to qualify for federal funds.

30 (o) Is an individual or member of a group who, subject to the rules of the department and within  
 31 available funds, may optionally be included in the state's medical assistance program under federal  
 32 law and regulations concerning the availability of federal funds for the expenses of that individual  
 33 or group.

34 (p) Is a pregnant woman who would be eligible for temporary assistance for needy families in-  
 35 cluding such aid based on the unemployment of a parent, whether or not the woman is eligible for  
 36 cash assistance.

37 (q) Would be eligible for temporary assistance for needy families pursuant to 42 U.S.C. 607 based  
 38 upon the unemployment of a parent, whether or not the state provides cash assistance.

39 (r) Except as otherwise provided in this section and to the extent of available funds, is a preg-  
 40 nant woman or child for whom federal financial participation is available under Title XIX or Title  
 41 **XXI** of the federal Social Security Act.

42 (s) Is not otherwise categorically needy and is not eligible for care under Title XVIII of the  
 43 federal Social Security Act or is not a full-time student in a post-secondary education program as  
 44 defined by the Department of Human Services by rule, but whose family income is less than the  
 45 federal poverty level and whose family investments and savings equal less than the investments and

1 savings limit established by the department by rule.

2 **(3) “Health benefit plan” has the meaning given that term in ORS 735.720.**

3 [(3)] **(4) “Income” has the meaning given that term in ORS 411.704.**

4 [(4)] **(5) “Investments and savings” means cash, securities as defined in ORS 59.015, negotiable**  
 5 **instruments as defined in ORS 73.0104 and such similar investments or savings as the Department**  
 6 **of Human Services may establish by rule that are available to the applicant or recipient to con-**  
 7 **tribute toward meeting the needs of the applicant or recipient.**

8 [(5)] **(6) “Medical assistance” means so much of the following medical and remedial care and**  
 9 **services as may be prescribed by the Department of Human Services according to the standards**  
 10 **established pursuant to ORS 414.065, including payments made for services provided under an in-**  
 11 **surance or other contractual arrangement and money paid directly to the recipient for the purchase**  
 12 **of medical care:**

13 (a) Inpatient hospital services, other than services in an institution for mental diseases;

14 (b) Outpatient hospital services;

15 (c) Other laboratory and X-ray services;

16 (d) Skilled nursing facility services, other than services in an institution for mental diseases;

17 (e) Physicians’ services, whether furnished in the office, the patient’s home, a hospital, a skilled  
 18 nursing facility or elsewhere;

19 (f) Medical care, or any other type of remedial care recognized under state law, furnished by  
 20 licensed practitioners within the scope of their practice as defined by state law;

21 (g) Home health care services;

22 (h) Private duty nursing services;

23 (i) Clinic services;

24 (j) Dental services;

25 (k) Physical therapy and related services;

26 (L) Prescribed drugs, including those dispensed and administered as provided under ORS chapter  
 27 689;

28 (m) Dentures and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases  
 29 of the eye or by an optometrist, whichever the individual may select;

30 (n) Other diagnostic, screening, preventive and rehabilitative services;

31 (o) Inpatient hospital services, skilled nursing facility services and intermediate care facility  
 32 services for individuals 65 years of age or over in an institution for mental diseases;

33 (p) Any other medical care, and any other type of remedial care recognized under state law;

34 (q) Periodic screening and diagnosis of individuals under the age of 21 years to ascertain their  
 35 physical or mental impairments, and such health care, treatment and other measures to correct or  
 36 ameliorate impairments and chronic conditions discovered thereby;

37 (r) Inpatient hospital services for individuals under 22 years of age in an institution for mental  
 38 diseases; and

39 (s) Hospice services.

40 [(6)] **(7) “Medical assistance” includes any care or services for any individual who is a patient**  
 41 **in a medical institution or any care or services for any individual who has attained 65 years of age**  
 42 **or is under 22 years of age, and who is a patient in a private or public institution for mental dis-**  
 43 **eases. “Medical assistance” includes “health services” as defined in ORS 414.705. “Medical assist-**  
 44 **ance” does not include care or services for an inmate in a nonmedical public institution.**

45 [(7)] **(8) “Medically needy” means a person who is a resident of this state and who is considered**

1 eligible under federal law for medically needy assistance.

2 [(8)] (9) "Resources" has the meaning given that term in ORS 411.704. For eligibility purposes,  
3 "resources" does not include charitable contributions raised by a community to assist with medical  
4 expenses.

5 **SECTION 5.** ORS 414.725 is amended to read:

6 414.725. (1)(a) Pursuant to rules adopted by the Department of Human Services, the department  
7 shall execute prepaid managed care health services contracts for health services funded by the  
8 Legislative Assembly. The contract must require that all services are provided to the extent and  
9 scope of the Health Services Commission's report for each service provided under the contract. The  
10 contracts are not subject to ORS chapters 279A and 279B, except ORS 279A.250 to 279A.290 and  
11 279B.235. Notwithstanding ORS 414.720 (8), the rules adopted by the department shall establish  
12 timelines for executing the contracts described in this paragraph.

13 (b) It is the intent of ORS 414.705 to 414.750 that the state use, to the greatest extent possible,  
14 prepaid managed care health services organizations to provide physical health, dental, mental health  
15 and chemical dependency services under ORS 414.705 to 414.750.

16 (c) The department shall solicit qualified providers or plans to be reimbursed for providing the  
17 covered services. The contracts may be with hospitals and medical organizations, health mainte-  
18 nance organizations, managed health care plans and any other qualified public or private prepaid  
19 managed care health services organization. The department may not discriminate against any con-  
20 tractors that offer services within their providers' lawful scopes of practice.

21 (2) The department may institute a fee-for-service case management system or a fee-for-service  
22 payment system for the same physical health, dental, mental health or chemical dependency services  
23 provided under the health services contracts for persons eligible for health services under ORS  
24 414.705 to 414.750 in designated areas of the state in which a prepaid managed care health services  
25 organization is not able to assign an enrollee to a person or entity that is primarily responsible for  
26 coordinating the physical health, dental, mental health or chemical dependency services provided to  
27 the enrollee. In addition, the department may make other special arrangements as necessary to in-  
28 crease the interest of providers in participation in the state's managed care system, including but  
29 not limited to the provision of stop-loss insurance for providers wishing to limit the amount of risk  
30 they wish to underwrite.

31 (3) As provided in subsections (1) and (2) of this section, the aggregate expenditures by the de-  
32 partment for health services provided pursuant to ORS 414.705 to 414.750 may not exceed the total  
33 dollars appropriated for health services under ORS 414.705 to 414.750.

34 (4) Actions taken by providers, potential providers, contractors and bidders in specific accord-  
35 ance with ORS 414.705 to 414.750 in forming consortiums or in otherwise entering into contracts to  
36 provide health care services shall be performed pursuant to state supervision and shall be consid-  
37 ered to be conducted at the direction of this state, shall be considered to be lawful trade practices  
38 and may not be considered to be the transaction of insurance for purposes of the Insurance Code.

39 (5) Health care providers contracting to provide services under ORS 414.705 to 414.750 shall  
40 advise a patient of any service, treatment or test that is medically necessary but not covered under  
41 the contract if an ordinarily careful practitioner in the same or similar community would do so un-  
42 der the same or similar circumstances.

43 (6) A prepaid managed care health services organization shall provide information on contacting  
44 available providers to an enrollee in writing within 30 days of assignment to the health services  
45 organization.

1 (7) Each prepaid managed care health services organization shall provide upon the request of  
 2 an enrollee or prospective enrollee annual summaries of the organization's aggregate data regarding:

3 (a) Grievances and appeals; and

4 (b) Availability and accessibility of services provided to enrollees.

5 (8) A prepaid managed care health services organization may not limit enrollment in a desig-  
 6 nated area based on the zip code of an enrollee or prospective enrollee.

7 **(9)(a) Notwithstanding subsection (2) of this section, a prepaid managed care health ser-**  
 8 **VICES ORGANIZATION SHALL REIMBURSE A QUALIFIED COMMUNITY HEALTH CENTER OR SAFETY NET CLINIC**  
 9 **FOR A CONTRACTED SERVICE PROVIDED BY THE CENTER OR CLINIC TO AN ENROLLEE OF THE ORGANIZATION**  
 10 **PARTICIPATING IN THE OREGON HEALTHY KIDS PROGRAM. THE DEPARTMENT BY RULE SHALL ADOPT**  
 11 **STANDARDS FOR QUALIFYING COMMUNITY HEALTH CENTERS AND SAFETY NET CLINICS FOR REIMBURSEMENT**  
 12 **UNDER THIS SUBSECTION.**

13 **(b) As used in this subsection, "community health center or safety net clinic" means a**  
 14 **NONPROFIT MEDICAL CLINIC THAT PROVIDES PRIMARY PHYSICAL HEALTH, VISION, DENTAL OR MENTAL**  
 15 **HEALTH SERVICES TO LOW-INCOME PATIENTS WITHOUT CHARGE OR USING A SLIDING FEE SCALE BASED ON**  
 16 **THE INCOME OF THE PATIENT. "COMMUNITY HEALTH CENTER OR SAFETY NET CLINIC" INCLUDES A**  
 17 **SCHOOL-BASED CLINIC.**

18 **SECTION 6.** ORS 414.839 is amended to read:

19 414.839. (1) Subject to funds available, the Department of Human Services may provide public  
 20 subsidies for the purchase of health insurance coverage [*provided by public programs or private in-*  
 21 *surance, including but not limited to*] **in** the Family Health Insurance Assistance Program, for cur-  
 22 rently uninsured individuals [*based on*] **whose** incomes [*up to*] **are not more than** 200 percent of  
 23 the federal poverty [*level*] **guidelines**. The objective is to create a transition from dependence on  
 24 public programs to privately financed health insurance.

25 (2) Public subsidies shall apply only to health benefit plans that meet or exceed the basic  
 26 benchmark health benefit plan or plans established under ORS 735.733.

27 (3) Cost-sharing shall be permitted and structured in such a manner to encourage appropriate  
 28 use of preventive care and avoidance of unnecessary services.

29 (4) Cost-sharing shall be based on an individual's ability to pay and may not exceed the cost of  
 30 purchasing a plan.

31 (5) The state may pay a portion of the cost of the subsidy, based on the individual's income and  
 32 other resources.

33 **SECTION 7.** Sections 8 to 13 of this 2007 Act are added to and made a part of ORS  
 34 chapter 735.

35 **SECTION 8.** (1) **The Office of Private Health Partnerships shall administer a private**  
 36 **health option to expand private health care coverage for Oregon's children.**

37 (2) **The office shall contract with carriers to provide health benefit plans approved under**  
 38 **section 9 of this 2007 Act. The office will manage the collection and payment of premiums**  
 39 **for children participating in the plans.**

40 (3) **The office shall provide a subsidy for a health benefit plan provided pursuant to a**  
 41 **contract entered into under this section for a child whose family's household income is more**  
 42 **than 200 percent but no more than 300 percent of the federal poverty guidelines. The amount**  
 43 **of the subsidy shall be determined in accordance with subsection (4) of this section and is**  
 44 **payable to the carrier in the manner specified by the contract.**

45 (4) **The office shall adopt rules for determining the subsidies to be paid under this section**

1 based upon the following factors:

- 2 (a) Household income;
- 3 (b) Family size; and
- 4 (c) Other factors established by the office.

5 (5) The office shall adopt rules under which families with household incomes that are  
6 more than 300 percent of the federal poverty guidelines may purchase health benefit plans  
7 offered through the private health option.

8 (6) As used in this section and section 9 of this 2007 Act:

- 9 (a) "Carrier" has the meaning given that term in ORS 735.700.
- 10 (b) "Child" means a person under 19 years of age.
- 11 (c) "Health benefit plan" has the meaning given that term in ORS 735.720.

12 **SECTION 9.** (1) The Office of Private Health Partnerships must approve health benefit  
13 plans offered through the private health option described in section 8 of this 2007 Act. To be  
14 approved, health benefit plans must offer benefit packages comparable to those provided  
15 under section 2 (1)(a) of this 2007 Act and must cover mental health, vision and dental ser-  
16 vices.

17 (2) Approved health benefit plans may impose copayments or co-insurance amounts that  
18 are based upon a family's ability to pay as determined according to criteria adopted by the  
19 office by rule.

20 (3) Approved health benefit plans may not exclude coverage of pre-existing conditions.

21 **SECTION 10.** (1) The Office of Private Health Partnerships is responsible for marketing  
22 the Oregon Healthy Kids Program statewide, as well as coordinating, with the Department  
23 of Human Services, statewide enrollment training and outreach.

24 (2) In addition to the duties described in subsection (1) of this section, to maximize the  
25 enrollment and retention of eligible children in the Oregon Healthy Kids Program, the office  
26 shall develop and administer a grant program to provide funding to organizations and local  
27 groups for outreach and enrollment activities. The department and the office shall collab-  
28 orate in developing and administering the grant program.

29 (3) The criteria for awarding grants under subsection (2) of this section shall include, but  
30 are not limited to, the extent to which a grantee offers:

- 31 (a) Information and assistance to a diverse geographic area or a culturally diverse com-  
32 munity in this state, including communities that need the information and assistance pro-  
33 vided in alternative formats and in languages other than English;
- 34 (b) Assistance with the application process; and
- 35 (c) Assistance to individuals and families in enrolling and maintaining enrollment in the  
36 Oregon Healthy Kids Program.

37 **SECTION 11.** Notwithstanding eligibility criteria and subsidy amounts determined pur-  
38 suant to section 8 of this 2007 Act, subsidies under the private health option shall be provided  
39 to eligible children to the extent the Legislative Assembly appropriates funds for that pur-  
40 pose or establishes expenditure limitations to provide such subsidies.

41 **SECTION 12.** There is established in the State Treasury, separate and distinct from the  
42 General Fund, the Private Health Option Program Account, which shall consist of moneys  
43 appropriated to the account by the Legislative Assembly and all moneys transferred as re-  
44 imbursements to the account by the Department of Human Services under section 14 of this  
45 2007 Act. All moneys in the Private Health Option Program Account are continuously ap-

1 appropriated to the Office of Private Health Partnerships to carry out the provisions of  
2 sections 8, 9 and 10 of this 2007 Act.

3 **SECTION 13.** (1) Except as otherwise provided in this section and ORS 735.710, the Office  
4 of Private Health Partnerships and the Department of Human Services may not disclose in-  
5 formation provided as part of an application for enrollment in the Oregon Healthy Kids  
6 Program except for purposes directly connected with the administration of the program.

7 (2) The office and the department may exchange applicant information with other state  
8 and federal agencies for the purposes of determining eligibility for and administering the  
9 Oregon Healthy Kids Program, identifying economic trends relevant to administration of the  
10 program and providing the report required by section 16 of this 2007 Act.

11 (3) In accordance with applicable state and federal law, the office or the department may  
12 request that applicants provide their Social Security numbers and may use those numbers  
13 in the administration of the Oregon Healthy Kids Program.

14 **SECTION 14.** (1) The Department of Human Services shall apply to the Centers for  
15 Medicare and Medicaid Services for the waivers necessary to implement sections 2, 3, 8, 9  
16 and 10 of this 2007 Act and to obtain federal financial participation for health care coverage  
17 provided to children through the Oregon Healthy Kids Program.

18 (2) The department shall adopt rules implementing sections 2 and 3 of this 2007 Act as  
19 soon as practicable after receipt of the necessary waivers. The Office of Private Health  
20 Partnerships shall adopt rules implementing sections 8, 9 and 10 of this 2007 Act as soon as  
21 practicable after receipt of the necessary waivers.

22 (3) The office and the department shall work cooperatively to obtain federal financial  
23 participation under subsection (1) of this section.

24 (4) The office and the department shall develop a system for reimbursement by the de-  
25 partment to the office for costs associated with administering the private health option.

26 **SECTION 15.** (1) The Oregon Healthy Kids Program Fund is established in the State  
27 Treasury, separate and distinct from the General Fund. Interest earned by the Oregon  
28 Healthy Kids Program Fund shall be credited to the fund.

29 (2) Moneys in the Oregon Healthy Kids Program Fund are continuously appropriated to  
30 the Department of Human Services for purposes of the Oregon Healthy Kids Program cre-  
31 ated by section 2 of this 2007 Act.

32 (3) Notwithstanding subsection (2) of this section, if and to the extent that the Legislative  
33 Assembly determines that the Oregon Healthy Kids Program is fully funded, moneys in the  
34 Oregon Healthy Kids Program Fund established by this section may be used, in amounts  
35 determined by the Legislative Assembly, to fund other health services provided by the de-  
36 partment.

37 **SECTION 16.** The Office for Oregon Health Policy and Research shall analyze and evalu-  
38 ate the implementation of the Oregon Healthy Kids Program and report its findings to the  
39 Legislative Assembly every two years in the manner provided by ORS 192.245. The report  
40 shall include at least the following information for the preceding two-year period:

41 (1) An estimate of the number of children who are eligible for but not enrolled in the  
42 program;

43 (2) The number of children enrolled in the program;

44 (3) The number of children disenrolled from the program and the reasons for disenroll-  
45 ment;

1 (4) A description of any identified barriers to enrolling or maintaining enrollment of  
 2 children in the program and a description of the plans developed by the office and the De-  
 3 partment of Human Services to overcome the barriers; and

4 (5) An estimate of the number of families who have voluntarily discontinued employer-  
 5 sponsored dependent health coverage and enrolled their children in the program.

6 **SECTION 17.** ORS 735.701 is amended to read:

7 735.701. (1) The Office of Private Health Partnerships is established.

8 (2) The office shall carry out the duties described under ORS 414.831, 735.700 to 735.714 and  
 9 735.720 to 735.740 **and sections 2, 8, 9 and 10 of this 2007 Act.**

10 **SECTION 18.** ORS 735.710 is amended to read:

11 735.710. (1) In carrying out its duties under ORS 735.700 to 735.714 and 735.720 to 735.740 **and**  
 12 **sections 2, 8, 9 and 10 of this 2007 Act**, the Office of Private Health Partnerships may:

13 (a) Enter into contracts for administration of ORS 735.700 to 735.714 and 735.720 to 735.740 **and**  
 14 **sections 2, 8, 9 and 10 of this 2007 Act**, including collection of premiums and paying carriers.

15 (b) Retain consultants and employ staff.

16 (c) Enter into contracts with carriers or health care providers for health benefit plans.

17 (d) Set premium rates for eligible employees and small employers.

18 (e) Perform other duties to provide low-cost health benefit plans of types likely to be purchased  
 19 by small employers.

20 (f) Establish contributions to be paid by small employers toward the premiums incurred on be-  
 21 half of covered eligible employees.

22 (g) Establish procedures by rule for the publication or release of aggregate data relating to:

23 (A) Applicants for enrollment and persons enrolled in the Family Health Insurance Assistance  
 24 Program;

25 (B) Health benefit plans for small employers offered by the office; and

26 (C) Other programs operated by the office.

27 (2) Notwithstanding any other health benefit plan contracted for and offered by the office, the  
 28 office shall contract for a health benefit plan or plans best designed to meet the needs and provide  
 29 for the welfare of eligible employees and small employers.

30 (3) The office may approve more than one carrier for each type of plan contracted for and of-  
 31 fered, but the number of carriers shall be held to a number consistent with adequate service to eli-  
 32 gible employees and family members.

33 (4) Where appropriate for a contracted and offered health benefit plan, the office shall provide  
 34 options under which an eligible employee may arrange coverage for family members of the employee.

35 (5) In developing any health benefit plan, the office may provide an option of additional coverage  
 36 for eligible employees and family members at an additional cost or premium.

37 (6) Transfer of enrollment from one health benefit plan to another shall be open to all eligible  
 38 employees and family members under rules adopted by the office.

39 (7) If the office requests less health care service or benefit than is otherwise required by state  
 40 law, a carrier is not required to offer such service or benefit.

41 (8) The office may contract for and offer health benefit plans for small employers that provide  
 42 a sufficient level of benefits to be eligible for a subsidy under ORS 735.724 as well as health benefit  
 43 plans for small employers that are not eligible for a subsidy under ORS 735.724.

44 (9) The office may employ whatever means are reasonably necessary to carry out the purposes  
 45 of ORS 735.700 to 735.714 and 735.720 to 735.740 **and sections 2, 8, 9 and 10 of this 2007 Act.** Such

1 authority includes but is not limited to authority to seek clarification, amendment, modification,  
 2 suspension or termination of any agreement or contract that in the office's judgment requires such  
 3 action.

4 **SECTION 19.** ORS 735.710, as amended by section 8, chapter 742, Oregon Laws 2003, section  
 5 4, chapter 238, Oregon Laws 2005, section 4, chapter 262, Oregon Laws 2005, section 4, chapter 727,  
 6 Oregon Laws 2005, and section 20, chapter 744, Oregon Laws 2005, is amended to read:

7 735.710. (1) In carrying out its duties under ORS 735.700 to 735.714 and 735.720 to 735.740 **and**  
 8 **sections 2, 8, 9 and 10 of this 2007 Act**, the Office of Private Health Partnerships shall:

9 (a) Enter into contracts for administration of ORS 735.700 to 735.714 and 735.720 to 735.740 **and**  
 10 **sections 2, 8, 9 and 10 of this 2007 Act**, including collection of premiums and paying carriers.

11 (b) Retain consultants and employ staff.

12 (c) Enter into contracts with carriers or health care providers for health benefit plans, including  
 13 contracts where final payment may be reduced if usage is below a level fixed in the contract.

14 (d) Set premium rates for eligible employees and small employers.

15 (e) Perform other duties to provide low-cost health benefit plans of types likely to be purchased  
 16 by small employers.

17 (f) Establish contributions to be paid by small employers toward the premiums incurred on be-  
 18 half of covered eligible employees.

19 (g) Establish procedures by rule for the publication or release of aggregate data relating to:

20 (A) Applicants for enrollment and persons enrolled in the Family Health Insurance Assistance  
 21 Program;

22 (B) Health benefit plans for small employers offered by the office; and

23 (C) Other programs operated by the office.

24 (2) Notwithstanding any other health benefit plan contracted for and offered by the office, the  
 25 office shall contract for a health benefit plan or plans best designed to meet the needs and provide  
 26 for the welfare of eligible employees and small employers.

27 (3) The office may approve more than one carrier for each type of plan contracted for and of-  
 28 fered, but the number of carriers shall be held to a number consistent with adequate service to eli-  
 29 gible employees and family members.

30 (4) Where appropriate for a contracted and offered health benefit plan, the office shall provide  
 31 options under which an eligible employee may arrange coverage for family members of the employee.

32 (5) In developing any health benefit plan, the office may provide an option of additional coverage  
 33 for eligible employees and family members at an additional cost or premium.

34 (6) Transfer of enrollment from one health benefit plan to another shall be open to all eligible  
 35 employees and family members under rules adopted by the office.

36 (7) If the office requests less health care service or benefit than is otherwise required by state  
 37 law, a carrier is not required to offer such service or benefit.

38 (8) Health benefit plans for small employers contracted for and offered by the office must pro-  
 39 vide a sufficient level of benefits to be eligible for a subsidy under ORS 735.724.

40 (9) The office may employ whatever means are reasonably necessary to carry out the purposes  
 41 of ORS 735.700 to 735.714 and 735.720 to 735.740 **and sections 2, 8, 9 and 10 of this 2007 Act**. Such  
 42 authority includes but is not limited to authority to seek clarification, amendment, modification,  
 43 suspension or termination of any agreement or contract that in the office's judgment requires such  
 44 action.

45 **SECTION 20.** ORS 735.754 is amended to read:

1 735.754. (1) In order to increase public subsidies for the purchase of health insurance coverage  
2 provided by public programs or private insurance described by ORS 414.839 **and sections 8, 9 and**  
3 **10 of this 2007 Act**, the Office of Private Health Partnerships, the Oregon Medical Insurance Pool  
4 Board and the Department of Human Services shall work cooperatively to obtain federal matching  
5 dollars. The office, the Oregon Medical Insurance Pool Board and the department shall develop a  
6 system for payment or reimbursement of other costs and subsidies provided to subsidized members.

7 (2) For each subsidized member, the Oregon Medical Insurance Pool Board shall determine:

8 (a) The full cost of administering the benefits plan of the subsidized member; and

9 (b) The amount of other costs.

10 (3) The Oregon Medical Insurance Pool Board shall bill the Family Health Insurance Assistance  
11 Program for the total amount of the premium received by the Oregon Medical Insurance Pool Board  
12 and for the amount of other costs. The program shall forward the bill to the department.

13 (4) The department shall pay the program an amount equal to the portion of the premium that  
14 is a subsidy and for other costs. The program shall forward the payment to the Oregon Medical  
15 Insurance Pool Board.

16 **SECTION 21. (1) The Healthy Kids Safety Net Fund is established in the State Treasury,**  
17 **separate and distinct from the General Fund. Interest earned by the Healthy Kids Safety Net**  
18 **Fund shall be credited to the fund. The Healthy Kids Safety Net Fund shall consist of moneys**  
19 **transferred to the fund under section 23 of this 2007 Act and moneys received by the De-**  
20 **partment of Human Services in the form of gifts, grants, bequests, endowments or donations.**

21 (2) Moneys in the Healthy Kids Safety Net Fund are continuously appropriated to the  
22 Department of Human Services for the purpose of carrying out the provisions of section 22  
23 of this 2007 Act.

24 **SECTION 22. (1) The Department of Human Services shall award grants to community**  
25 **health centers and safety net clinics to ensure the capacity of each grantee to provide health**  
26 **care services to underserved or vulnerable populations.**

27 (2) The department shall by rule adopt criteria for awarding grants under this section.

28 (3) As used in this section, “community health centers and safety net clinics” means  
29 nonprofit medical clinics that provide primary physical health, vision, dental or mental  
30 health services to low-income patients without charge or using a sliding fee scale based on  
31 the income of the patient. “Community health centers and safety net clinics” includes  
32 school-based clinics.

33 **SECTION 23. (1) All moneys received by the Department of Revenue from the taxes im-**  
34 **posed under section 15, Article IX of the Oregon Constitution, shall be paid over to the State**  
35 **Treasurer to be held in a suspense account established under ORS 293.445. After the payment**  
36 **of refunds:**

37 (a) 6.5 percent of the moneys in the account shall be transferred to the suspense account  
38 created pursuant to ORS 323.455 (1) and credited in the same manner as moneys received  
39 from the tax imposed by ORS 323.030 (1); and

40 (b) 13 percent of the moneys in the account shall be transferred to the suspense account  
41 created pursuant to ORS 323.457 (1) and credited in the same manner as moneys received  
42 from the tax imposed by ORS 323.031.

43 (2) After the amounts described in subsection (1) of this section are transferred, the  
44 balance of the moneys in the account shall be credited as follows:

45 (a) 4.918 percent shall be credited to the Tobacco Use Reduction Account established

1 under ORS 431.832 to fund cigarette and tobacco use prevention and education programs re-  
 2 commended in the Best Practices for Comprehensive Tobacco Control Programs published  
 3 by the United States Department of Health and Human Services, Centers for Disease Control  
 4 and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Of-  
 5 fice on Smoking and Health, August 1999; and

6 (b) 95.082 percent shall be credited to the Oregon Healthy Kids Program Fund established  
 7 by section 15 of this 2007 Act.

8 (3) Of the amounts credited to the Oregon Healthy Kids Program Fund under subsection  
 9 (2)(b) of this section:

10 (a) 3.97 percent shall be transferred to the Healthy Kids Safety Net Fund established by  
 11 section 21 of this 2007 Act; and

12 (b) 1.52 percent shall be transferred to the Rural Health Care Revolving Account estab-  
 13 lished by ORS 442.480 for the purposes described in section 34 of this 2007 Act.

14 **SECTION 24.** Section 23 of this 2007 Act is amended to read:

15 **Sec. 23.** (1) All moneys received by the Department of Revenue from the taxes imposed under  
 16 section 15, Article IX of the Oregon Constitution, shall be paid over to the State Treasurer to be  
 17 held in a suspense account established under ORS 293.445. After the payment of refunds:

18 (a) 6.5 percent of the moneys in the account shall be transferred to the suspense account created  
 19 pursuant to ORS 323.455 (1) and credited in the same manner as moneys received from the tax im-  
 20 posed by ORS 323.030 (1); and

21 (b) 13 percent of the moneys in the account shall be transferred to the suspense account created  
 22 pursuant to ORS 323.457 (1) and credited in the same manner as moneys received from the tax im-  
 23 posed by ORS 323.031.

24 (2) After the amounts described in subsection (1) of this section are transferred, the balance of  
 25 the moneys in the account shall be credited as follows:

26 (a) [4.918] **Ten** percent shall be credited to the Tobacco Use Reduction Account established  
 27 under ORS 431.832 to fund cigarette and tobacco use prevention and education programs recom-  
 28 mended in the Best Practices for Comprehensive Tobacco Control Programs published by the United  
 29 States Department of Health and Human Services, Centers for Disease Control and Prevention, Na-  
 30 tional Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health,  
 31 August 1999; and

32 (b) [95.082] **90** percent shall be credited to the Oregon Healthy Kids Program Fund established  
 33 by section 15 of this 2007.

34 (3) Of the amounts credited to the Oregon Healthy Kids Program Fund under subsection (2)(b)  
 35 of this section:

36 (a) 3.97 percent shall be transferred to the Healthy Kids Safety Net Fund established by section  
 37 21 of this 2007 Act; and

38 (b) 1.52 percent shall be transferred to the Rural Health Care Revolving Account established  
 39 by ORS 442.480 for the purposes described in section 34 of this 2007 Act.

40 **SECTION 25. The amendments to section 23 of this 2007 Act by section 24 of this 2007**  
 41 **Act become operative on July 1, 2009.**

42 **SECTION 26. Section 23 of this 2007 Act applies to tobacco products distributions occur-**  
 43 **ring on or after the first day of the calendar month following the effective date of this 2007**  
 44 **Act.**

45 **SECTION 27.** ORS 323.455 is amended to read:

1 323.455. (1) All moneys received by the Department of Revenue from the tax imposed by ORS  
 2 323.030 (1) shall be paid over to the State Treasurer to be held in a suspense account established  
 3 under ORS 293.445. Amounts necessary to pay the expenses incurred by the Department of Revenue  
 4 and to reimburse the Oregon State Police and the Department of Justice for the administration and  
 5 enforcement of ORS 323.005 to 323.482 are continuously appropriated to the Department of Revenue  
 6 from the suspense account. After the payment of administrative and enforcement expenses and  
 7 refunds[, 89.65]:

8 (a) **37.931** percent shall be credited to the General Fund[.];

9 (b) 3.45 percent is appropriated to the cities of this state[.];

10 (c) 3.45 percent is appropriated to the counties of this state [*and*];

11 (d) 3.45 percent is continuously appropriated to the Department of Transportation for the pur-  
 12 pose of financing and improving transportation services for elderly and disabled individuals as pro-  
 13 vided in ORS 391.800 to 391.830[.];

14 (e) **46.546 percent shall be dedicated to funding the maintenance and expansion of the**  
 15 **number of persons eligible for medical assistance under the Oregon Health Plan, or to fund-**  
 16 **ing the maintenance of the benefits available under the Oregon Health Plan, or both; and**

17 (f) **5.173 percent shall be credited to the Tobacco Use Reduction Account established un-**  
 18 **der ORS 431.832.**

19 (2) The moneys so appropriated to cities and counties shall be paid on a monthly basis within  
 20 35 days after the end of the month for which a distribution is made. Each city shall receive such  
 21 share of the money appropriated to all cities as its population, as determined under ORS 190.510 to  
 22 190.590 last preceding such apportionment, bears to the total population of the cities of the state,  
 23 and each county shall receive such share of the money as its population, determined under ORS  
 24 190.510 to 190.590 last preceding such apportionment, bears to the total population of the state.

25 (3) The moneys appropriated to the Department of Transportation under subsection (1) of this  
 26 section shall be distributed and transferred to the Elderly and Disabled Special Transportation Fund  
 27 established by ORS 391.800 at the same time as the cigarette tax moneys are distributed to cities  
 28 and counties under this section.

29 *[(4) Of the moneys credited to the General Fund under this section 51.92 percent shall be dedicated*  
 30 *to funding the maintenance and expansion of the number of persons eligible for medical assistance*  
 31 *under the Oregon Health Plan, or to funding the maintenance of the benefits available under the*  
 32 *Oregon Health Plan, or both, and 5.77 percent shall be credited to the Tobacco Use Reduction Account*  
 33 *established under ORS 431.832.]*

34 **SECTION 28.** ORS 323.455, as amended by section 27b, chapter 804, Oregon Laws 2003, is  
 35 amended to read:

36 323.455. (1) All moneys received by the Department of Revenue from the tax imposed by ORS  
 37 323.030 (1) shall be paid over to the State Treasurer to be held in a suspense account established  
 38 under ORS 293.445. After the payment of refunds[, 89.65]:

39 (a) **37.931** percent shall be credited to the General Fund[.];

40 (b) 3.45 percent is appropriated to the cities of this state[.];

41 (c) 3.45 percent is appropriated to the counties of this state [*and*];

42 (d) 3.45 percent is continuously appropriated to the Department of Transportation for the pur-  
 43 pose of financing and improving transportation services for elderly and disabled individuals as pro-  
 44 vided in ORS 391.800 to 391.830[.];

45 (e) **46.546 percent shall be dedicated to funding the maintenance and expansion of the**

1 **number of persons eligible for medical assistance under the Oregon Health Plan, or to fund-**  
 2 **ing the maintenance of the benefits available under the Oregon Health Plan, or both; and**

3 **(f) 5.173 percent shall be credited to the Tobacco Use Reduction Account established un-**  
 4 **der ORS 431.832.**

5 (2) The moneys so appropriated to cities and counties shall be paid on a monthly basis within  
 6 35 days after the end of the month for which a distribution is made. Each city shall receive such  
 7 share of the money appropriated to all cities as its population, as determined under ORS 190.510 to  
 8 190.590 last preceding such apportionment, bears to the total population of the cities of the state,  
 9 and each county shall receive such share of the money as its population, determined under ORS  
 10 190.510 to 190.590 last preceding such apportionment, bears to the total population of the state.

11 (3) The moneys appropriated to the Department of Transportation under subsection (1) of this  
 12 section shall be distributed and transferred to the Elderly and Disabled Special Transportation Fund  
 13 established by ORS 391.800 at the same time as the cigarette tax moneys are distributed to cities  
 14 and counties under this section.

15 *[(4) Of the moneys credited to the General Fund under this section 51.92 percent shall be dedicated*  
 16 *to funding the maintenance and expansion of the number of persons eligible for medical assistance*  
 17 *under the Oregon Health Plan, or to funding the maintenance of the benefits available under the*  
 18 *Oregon Health Plan, or both, and 5.77 percent shall be credited to the Tobacco Use Reduction Account*  
 19 *established under ORS 431.832.]*

20 **SECTION 29.** ORS 323.457 is amended to read:

21 323.457. (1) Moneys received under ORS 323.031 shall be paid over to the State Treasurer to be  
 22 held in a suspense account established under ORS 293.445. Amounts necessary to pay the expenses  
 23 incurred by the Department of Revenue and to reimburse the Oregon State Police and the Depart-  
 24 ment of Justice for the administration and enforcement of this section and ORS 323.031 are contin-  
 25 uously appropriated to the Department of Revenue from the suspense account. After the payment  
 26 of administrative and enforcement expenses and refunds[:],

27 *[(a) 29.37/30] 94 percent* of the moneys shall be credited to the Oregon Health Plan Fund es-  
 28 tablished under ORS 414.109[:].

29 *[(b) 0.14/30 of the moneys are continuously appropriated to]*

30 **(2) After payment of administrative and enforcement expenses and refunds and amounts**  
 31 **credited to the Oregon Health Plan Fund under subsection (1) of this section, the balance**  
 32 **of the moneys in the suspense account are continuously appropriated to:**

33 **(a)** The Oregon Department of Administrative Services for distribution to the cities of this state;

34 *[(c)] (b) [0.14/30 of the moneys are continuously appropriated to]* The Oregon Department of Ad-  
 35 ministrative Services for distribution to the counties of this state; **and**

36 *[(d)] (c) [0.14/30 of the moneys are continuously appropriated to]* The Department of Transporta-  
 37 tion to be distributed and transferred to the Elderly and Disabled Special Transportation Fund es-  
 38 tablished under ORS 391.800[: and].

39 *[(e) 0.21/30 of the moneys shall be credited to the Tobacco Use Reduction Account established un-*  
 40 *der ORS 431.832.]*

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

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

1       **SECTION 30.** ORS 323.457, as amended by section 5e, chapter 804, Oregon Laws 2003, and  
2 section 110, chapter 94, Oregon Laws 2005, is amended to read:

3       323.457. (1) Moneys received under ORS 323.031 shall be paid over to the State Treasurer to be  
4 held in a suspense account established under ORS 293.445. After the payment of refunds[.],

5       [(a) 29.37/30] **94 percent** of the moneys shall be credited to the Oregon Health Plan Fund es-  
6 tablished under ORS 414.109[;].

7       [(b) 0.14/30 of the moneys are continuously appropriated to]

8       **(2) After the amounts described in subsection (1) of this section are credited to the**  
9 **Oregon Health Plan Fund, the balance of the moneys in the suspense account are contin-**  
10 **uously appropriated to:**

11       (a) The Oregon Department of Administrative Services for distribution to the cities of this state;

12       [(c)] (b) [0.14/30 of the moneys are continuously appropriated to] The Oregon Department of Ad-  
13 ministrative Services for distribution to the counties of this state; **and**

14       [(d)] (c) [0.14/30 of the moneys are continuously appropriated to] The Department of Transporta-  
15 tion to be distributed and transferred to the Elderly and Disabled Special Transportation Fund es-  
16 tablished under ORS 391.800[; and].

17       [(e) 0.21/30 of the moneys shall be credited to the Tobacco Use Reduction Account established un-  
18 der ORS 431.832.]

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

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

24       **SECTION 31.** ORS 323.505 is amended to read:

25       323.505. (1)(a) A tax is hereby imposed upon the distribution of all tobacco products in this  
26 state.

27       **(b) In addition, for purposes of administration and collection, the taxes imposed under**  
28 **section 15, Article IX of the Oregon Constitution, are hereby combined with the tax imposed**  
29 **under paragraph (a) of this subsection. The combined statutory and constitutional tax** [*The*  
30 *tax imposed by this section*] is intended to be a direct tax on the consumer, for which payment upon  
31 distribution is required to achieve convenience and facility in the collection and administration of  
32 the tax. The tax shall be imposed on a distributor at the time the distributor distributes tobacco  
33 products.

34       (2) The **combined statutory and constitutional** tax [*imposed under this section*] shall be im-  
35 posed at the rate of:

36       (a) [*Sixty-five*] **Ninety-five** percent of the wholesale sales price of cigars, but not to exceed 50  
37 cents per cigar; or

38       (b) [*Sixty-five*] **Ninety-five** percent of the wholesale sales price of all tobacco products that are  
39 not cigars.

40       (3) If the **combined statutory and constitutional** tax [*imposed under this section*] does not  
41 equal an amount calculable to a whole cent, the tax shall be equal to the next higher whole cent.  
42 However, the amount remitted to the Department of Revenue by the taxpayer for each quarter shall  
43 be equal only to 98.5 percent of the total taxes due and payable by the taxpayer for the quarter.

44       (4) No tobacco product shall be subject to the tax if the base product or other intermediate form  
45 thereof has previously been taxed under this section.

1 (5) Solely for purposes of administration and collection, the taxes imposed under section  
 2 15, Article IX of the Oregon Constitution, shall be considered taxes imposed under ORS  
 3 323.500 to 323.645.

4 **SECTION 32.** The amendments to ORS 323.505 by section 31 of this 2007 Act apply to to-  
 5 bacco products tax reporting periods beginning on or after the first day of the calendar  
 6 month following the effective date of this 2007 Act.

7 **SECTION 33.** Section 34 of this 2007 Act is added to and made a part of ORS 442.470 to  
 8 442.507.

9 **SECTION 34.** The Office of Rural Health may award to rural health care providers grants  
 10 that promote any of the following goals:

11 (1) Replacement or renovation of aging rural hospitals.

12 (2) Modernization of capital equipment.

13 (3) Preservation of access to local health services in rural areas through short-term  
 14 support of vulnerable rural health care providers.

15 (4) Expansion of community health educational opportunities.

16 (5) Providing incentives for the development of long-term, sustainable approaches to  
 17 providing improved health care services and increased access to quality health care in rural  
 18 areas.

19 (6) Development of collaborative approaches that sustain access to quality rural health  
 20 care.

21 (7) Expanding or sustaining health care for financially and physically vulnerable rural  
 22 populations.

23 (8) Providing operational support for rural health centers that are not federally qualified  
 24 health centers.

25 **SECTION 35.** ORS 442.507 is amended to read:

26 442.507. (1) [*With the moneys transferred to the Office of Rural Health by ORS 442.625,*] The Of-  
 27 fice **of Rural Health** shall establish a dedicated grant program for the purpose of providing assist-  
 28 ance to rural communities to enhance emergency medical service systems.

29 (2) Communities, as well as nonprofit or governmental agencies serving those communities, may  
 30 apply to the office for grants on forms developed by the office.

31 (3) The office shall make the final decision concerning which entities receive grants, but the  
 32 office may seek advice from the Rural Health Coordinating Council, the State Emergency Medical  
 33 Service Committee and other appropriate individuals experienced with emergency medical services.

34 (4) The office may make grants to entities for the purchase of equipment, the establishment of  
 35 new rural emergency medical service systems or the improvement of existing rural emergency med-  
 36 ical service systems.

37 (5) With the exception of printing and mailing expenses associated with the grant program, the  
 38 Office of Rural Health shall pay for administrative costs of the program with funds other than those  
 39 transferred under ORS 442.625.

40  
 41 **CAPTIONS**

42  
 43 **SECTION 36.** The unit captions used in this 2007 Act are provided only for the conven-  
 44 ience of the reader and do not become part of the statutory law of this state or express any  
 45 legislative intent in the enactment of this 2007 Act.

**EFFECTIVE DATE**

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**SECTION 37. This 2007 Act does not take effect unless the amendment to the Oregon Constitution proposed by Senate Joint Resolution 4 (2007) is approved by the people. This 2007 Act takes effect on the effective date of that constitutional amendment.**

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