HOUSE AMENDMENTS TO HOUSE BILL 3259

By JOINT COMMITTEE ON WAYS AND MEANS

June 25

On page 1 of the printed bill, line 2, after the second semicolon delete the rest of the line and line 3 and insert "amending ORS 414.736 and 414.743; repealing ORS 414.743; and declaring an emergency.".

Delete lines 5 through 31 and delete pages 2 and 3 and insert:

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

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

"[*(2)*] **(1)** A fully capitated health plan that does not have a contract with a hospital to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [*pay for hospital services at 80 percent of the Medicare rate for the noncontracting hospital.*]**, using a Medicare payment methodology, reimburse the noncontracting hospital for services provided to an enrollee of the plan at a rate no less than a percentage of the Medicare reimbursement rate for those services. The percentage of the Medicare reimbursement rate that is used to determine the reimbursement rate under this subsection is equal to two percentage points less than the percentage of Medicare cost used by the department in calculating the base hospital capitation payment to the plan, excluding any supplemental payments.**

"[*(3)*] **(2)** A hospital that does not have a contract with a fully capitated health plan to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in full the rates described in subsection [*(2)*] **(1)** of this section.

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

"[*(5)*] **(4)** The Department of Human Services shall adopt rules to implement and administer this section.

"**SECTION 2.** ORS 414.743, as amended by section 2, chapter 886, Oregon Laws 2007, is amended to read:

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

"[*(2)*] **(1)** A fully capitated health plan that does not have a contract with a hospital to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [*pay for hospital services as follows:*]

"[*(a) For inpatient hospital services, based on the capitation rates developed for the budget period,*

at the level of the statewide average unit cost, multiplied by the geographic factor, the payment discount factor and an adjustment factor of 0.925.]

"[*(b) For outpatient hospital services, based on the capitation rates developed for the budget period, at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor, the payment discount factor and an adjustment factor of 0.925.*]**, using a Medicare payment methodology, reimburse the noncontracting hospital for services provided to an enrollee of the plan at a rate no less than a percentage of the Medicare reimbursement rate for those services. The percentage of the Medicare reimbursement rate that is used to determine the reimbursement rate under this subsection is equal to two percentage points less than the percentage of Medicare cost used by the department in calculating the base hospital capitation payment to the plan, excluding any supplemental payments.**

"[*(3)*] **(2)** A hospital that does not have a contract with a fully capitated health plan to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in full for hospital services[*, rates:*]

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

"[*(b) For outpatient hospital services, based on the capitation rates developed for the budget period, at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor, the payment discount factor and an adjustment factor of 0.925.*] **the rates described in subsection (1) of this section.**

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

"[*(5)*] **(4)** The Department of Human Services shall adopt rules to implement and administer this section.

"**SECTION 3.** ORS 414.736 is amended to read:

"414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740, 414.741, 414.742[*, 414.743*] and 414.744:

"(1) 'Designated area' means a geographic area of the state defined by the Department of Human Services by rule that is served by a prepaid managed care health services organization.

"(2) 'Fully capitated health plan' means an organization that contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725 to provide an adequate network of providers to ensure that the health services provided under the contract are reasonably accessible to enrollees.

"(3) 'Physician care organization' means an organization that contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725 to provide an adequate network of providers to ensure that the health services described in ORS 414.705 (1)(b), (c), (d), (e), (g) and (j) are reasonably accessible to enrollees. A physician care organization may also contract with the department on a prepaid capitated basis to provide the health services described in ORS 414.705 (1)(k) and (L).

"(4) 'Prepaid managed care health services organization' means a managed physical health, dental, mental health or chemical dependency organization that contracts with the Department of Human Services on a prepaid capitated basis under ORS 414.725. A prepaid managed care health services organization may be a dental care organization, fully capitated health plan, physician care organization, mental health organization or chemical dependency organization.

"**SECTION 4. If House Bill 2009 becomes law, section 1 of this 2009 Act (amending ORS 414.743) is repealed and ORS 414.743, as amended by section 337, chapter _____, Oregon Laws 2009 (Enrolled House Bill 2009), is amended to read:**

"414.743. [*(1) As used in this section, 'fully capitated health plan' means an organization that contracts with the Oregon Health Authority on a prepaid capitated basis under ORS 414.725 to provide an adequate network of providers to ensure that all health services described in ORS 414.705 are reasonably accessible to enrollees.*]

"[*(2)*] **(1)** A fully capitated health plan that does not have a contract with a hospital to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [*pay for hospital services at 80 percent of the Medicare rate for the noncontracting hospital.*]**, using a Medicare payment methodology, reimburse the noncontracting hospital for services provided to an enrollee of the plan at a rate no less than a percentage of the Medicare reimbursement rate for those services. The percentage of the Medicare reimbursement rate that is used to determine the reimbursement rate under this subsection is equal to two percentage points less than the percentage of Medicare cost used by the authority in calculating the base hospital capitation payment to the plan, excluding any supplemental payments.**

"[*(3)*] **(2)** A hospital that does not have a contract with a fully capitated health plan to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in full the rates described in subsection [*(2)*] **(1)** of this section.

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

"[*(5)*] **(4)** The Oregon Health Authority shall adopt rules to implement and administer this section.

"**SECTION 5. If House Bill 2009 becomes law, section 2 of this 2009 Act (amending ORS 414.743) is repealed and ORS 414.743, as amended by section 2, chapter 886, Oregon Laws 2007, and section 338, chapter _____, Oregon Laws 2009 (Enrolled House Bill 2009), is amended to read:**

"414.743. [*(1) As used in this section, 'fully capitated health plan' means an organization that contracts with the Oregon Health Authority on a prepaid capitated basis under ORS 414.725 to provide an adequate network of providers to ensure that all health services described in ORS 414.705 are reasonably accessible to enrollees.*]

"[*(2)*] **(1)** A fully capitated health plan that does not have a contract with a hospital to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must [*pay for hospital services as follows:*]

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

"[*(b) For outpatient hospital services, based on the capitation rates developed for the budget period, at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor, the payment discount factor and an adjustment factor of 0.925.*]**, using a Medicare payment methodology, reimburse the noncontracting hospital for services provided to an enrollee of the plan at a rate no less than a percentage of the Medicare reimbursement rate for those services. The percentage of the Medicare reimbursement rate that is used to determine the reimbursement rate under this subsection is equal to two percentage points less than the percentage of Medicare cost used by the authority in calculating the base hospital capitation**

payment to the plan, excluding any supplemental payments.

"[*(3)*] **(2)** A hospital that does not have a contract with a fully capitated health plan to provide inpatient or outpatient hospital services under ORS 414.705 to 414.750 must accept as payment in full for hospital services[*, rates:*]

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

"[*(b) For outpatient hospital services, based on the capitation rates developed for the budget period, at the level of charges multiplied by the statewide average cost-to-charge ratio, the geographic factor, the payment discount factor and an adjustment factor of 0.925.*] **the rates described in subsection (1) of this section.**

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

"[*(5)*] **(4)** The Oregon Health Authority shall adopt rules to implement and administer this section.

"**SECTION 6. If House Bill 2009 becomes law, section 3 of this 2009 Act (amending ORS 414.736) is repealed and ORS 414.736, as amended by section 329, chapter _____, Oregon Laws 2009 (Enrolled House Bill 2009), is amended to read:**

"414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740, 414.741[,] **and** 414.742 [*and 414.743*]:

"(1) 'Designated area' means a geographic area of the state defined by the Oregon Health Authority by rule that is served by a prepaid managed care health services organization.

"(2) 'Fully capitated health plan' means an organization that contracts with the Oregon Health Authority or the Oregon Health Policy Board on a prepaid capitated basis under ORS 414.725 to provide an adequate network of providers to ensure that the health services provided under the contract are reasonably accessible to enrollees.

"(3) 'Physician care organization' means an organization that contracts with the Oregon Health Authority or the Oregon Health Policy Board on a prepaid capitated basis under ORS 414.725 to provide an adequate network of providers to ensure that the health services described in ORS 414.705 (1)(b), (c), (d), (e), (g) and (j) are reasonably accessible to enrollees. A physician care organization may also contract with the authority or the board on a prepaid capitated basis to provide the health services described in ORS 414.705 (1)(k) and (L).

"(4) 'Prepaid managed care health services organization' means a managed physical health, dental, mental health or chemical dependency organization that contracts with the authority or the board on a prepaid capitated basis under ORS 414.725. A prepaid managed care health services organization may be a dental care organization, fully capitated health plan, physician care organization, mental health organization or chemical dependency organization.

"**SECTION 7. ORS 414.743 is repealed on January 2, 2014.**

"**SECTION 8. The amendments to ORS 414.736 by sections 3 and 6 of this 2009 Act become operative on January 2, 2014.**

"**SECTION 9. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect October 1, 2009.**".
