

# House Bill 2100

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Presession filed (at the request of Governor John A. Kitzhaber for Oregon Health Authority)

## 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**.

Establishes Pharmacy and Therapeutics Committee to perform functions of Drug Use Review Board, which is abolished. Establishes Health Evidence Review Commission to perform functions of Health Resources Commission and Health Services Commission, which are abolished. Describes dual roles of Oregon Health Authority and Department of Human Services in administering medical assistance program. Permits sharing of information between authority and Department of Human Services for specified reasons. Modifies services provided to persons with developmental disabilities. Removes mandate for use of pharmacy benefit manager. Modifies preferred drug list requirements. Extends end date for authority and department to cross-delegate. Corrects references, updates terminology, makes other technical corrections and creates enabling provisions for authority.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

Relating to functions of the Oregon Health Authority; creating new provisions; amending ORS 3.408, 30.262, 87.533, 93.268, 106.045, 106.330, 113.085, 113.145, 114.305, 115.125, 115.195, 116.093, 130.370, 130.425, 179.505, 179.560, 179.570, 181.735, 238.082, 243.061, 243.145, 243.862, 243.878, 292.051, 343.243, 343.507, 343.961, 408.370, 409.010, 409.161, 409.162, 410.040, 410.075, 410.080, 410.160, 410.230, 410.240, 410.300, 410.720, 411.010, 411.060, 411.070, 411.072, 411.081, 411.083, 411.087, 411.103, 411.300, 411.320, 411.400, 411.402, 411.404, 411.406, 411.408, 411.431, 411.432, 411.435, 411.439, 411.443, 411.459, 411.463, 411.593, 411.610, 411.620, 411.630, 411.632, 411.635, 411.640, 411.670, 411.675, 411.690, 411.694, 411.703, 413.011, 413.032, 413.064, 414.025, 414.033, 414.041, 414.065, 414.211, 414.221, 414.227, 414.231, 414.312, 414.325, 414.334, 414.337, 414.538, 414.705, 414.707, 414.708, 414.710, 414.712, 414.725, 414.730, 414.735, 414.736, 416.340, 416.350, 416.610, 417.349, 418.517, 418.975, 418.985, 426.005, 426.129, 426.250, 426.275, 426.495, 427.005, 430.021, 430.205, 430.210, 430.397, 430.610, 430.630, 430.632, 430.640, 430.670, 430.672, 430.695, 431.195, 431.962, 431.964, 431.966, 431.970, 431.974, 431.976, 431.978, 432.500, 433.055, 433.060, 433.095, 433.407, 441.096, 442.011, 442.700, 443.450, 443.465, 443.860, 443.861, 443.864, 443.869, 448.465, 480.225, 497.162, 616.555, 616.560, 616.570, 616.575, 616.580, 676.150, 676.306, 676.350, 682.218, 708A.430, 723.466, 743.730, 743.736, 743A.010 and 743A.062 and section 1, chapter 426, Oregon Laws 2009, section 20, chapter 595, Oregon Laws 2009, and section 29, chapter 856, Oregon Laws 2009; repealing ORS 409.310, 409.330, 410.110, 414.332, 414.338, 414.350, 414.355, 414.360, 414.365, 414.370, 414.375, 414.380, 414.385, 414.390, 414.395, 414.400, 414.410, 414.415, 414.715, 414.720, 414.741, 430.170, 442.575, 442.580, 442.581, 442.583, 442.584, 442.588, 442.589 and 735.711 and section 13, chapter 827, Oregon Laws 2009; appropriating money; and declaring an emergency.

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

## PHARMACY AND THERAPEUTICS COMMITTEE

**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.

**SECTION 1.** As used in sections 1 to 12 of this 2011 Act:

(1) “Compendia” means those resources widely accepted by the medical profession in the efficacious use of drugs, including the following sources:

- (a) The American Hospital Formulary Service drug information.
- (b) The United States Pharmacopeia drug information.
- (c) The American Medical Association drug evaluations.
- (d) Peer-reviewed medical literature.

(e) Drug therapy information provided by manufacturers of drug products consistent with the federal Food and Drug Administration requirements.

(2) “Criteria” means the predetermined and explicitly accepted elements based on compendia that are used to measure drug use on an ongoing basis to determine if the use is appropriate, medically necessary and not likely to result in adverse medical outcomes.

(3) “Drug-disease contraindication” means the potential for, or the occurrence of, an undesirable alteration of the therapeutic effect of a given prescription because of the presence, in the patient for whom it is prescribed, of a disease condition or the potential for, or the occurrence of, a clinically significant adverse effect of the drug on the patient’s disease condition.

(4) “Drug-drug interaction” means the pharmacological or clinical response to the administration of at least two drugs different from that response anticipated from the known effects of the two drugs when given alone, which may manifest clinically as antagonism, synergism or idiosyncrasy. Such interactions have the potential to have an adverse effect on the individual or lead to a clinically significant adverse reaction, or both, that:

(a) Is characteristic of one or any of the drugs present; or

(b) Leads to interference with the absorption, distribution, metabolism, excretion or therapeutic efficacy of one or any of the drugs.

(5) “Drug use review” means the programs designed to measure and assess on a retrospective and a prospective basis, through an evaluation of claims data, the proper utilization, quantity, appropriateness as therapy and medical necessity of prescribed medication in the medical assistance program.

(6) “Intervention” means an action taken by the Oregon Health Authority with a prescriber or pharmacist to inform about or to influence prescribing or dispensing practices or utilization of drugs.

(7) “Overutilization” means the use of a drug in quantities or for durations that put the recipient at risk of an adverse medical result.

(8) “Pharmacist” means an individual who is licensed as a pharmacist under ORS chapter 689.

(9) “Prescriber” means any person authorized by law to prescribe drugs.

(10) “Prospective program” means the prospective drug use review program described in section 7 of this 2011 Act.

(11) “Retrospective program” means the retrospective drug use review program described in section 8 of this 2011 Act.

(12) “Standards” means the acceptable prescribing and dispensing methods determined by compendia, in accordance with local standards of medical practice for health care providers.

(13) “Therapeutic appropriateness” means drug prescribing based on scientifically based

and clinically relevant drug therapy that is consistent with the criteria and standards developed under sections 1 to 12 of this 2011 Act.

(14) "Therapeutic duplication" means the prescribing and dispensing of two or more drugs from the same therapeutic class such that the combined daily dose puts the recipient at risk of an adverse medical result or incurs additional program costs without additional therapeutic benefits.

(15) "Underutilization" means that a drug is used by a recipient in insufficient quantity to achieve a desired therapeutic goal.

**SECTION 2.** (1) There is created a nine-member Pharmacy and Therapeutics Committee responsible for advising the Oregon Health Authority on the implementation of the retrospective and prospective programs and on the Practitioner-Managed Prescription Drug Plan.

(2) The Director of the Oregon Health Authority shall appoint the members of the committee, who shall serve at the pleasure of the director for a term of three years. An individual appointed to the committee may be reappointed upon completion of the individual's term. The membership of the committee shall be composed of the following:

(a) Four persons licensed as physicians and actively engaged in the practice of medicine or osteopathic medicine in Oregon, who may be from among persons recommended by organizations representing physicians;

(b) Three persons licensed in and actively practicing pharmacy in Oregon who may be from among persons recommended by organizations representing pharmacists whether affiliated or unaffiliated with any association; and

(c) Two persons who are not physicians or pharmacists.

(3) The director may appoint one or more technical experts with full voting rights to participate in the committee proceedings when reviewing a specific category of drugs if the technical expertise of the individuals would assist the committee in its review of the specific category of drugs. The appointment of technical experts is temporary and expires upon completion of the review of the specific category of drugs.

(4) The director shall fill a vacancy on the committee by appointing a new member to serve the remainder of the unexpired term.

**SECTION 3.** Notwithstanding the term of office specified by section 2 of this 2011 Act, of the members first appointed to the Pharmacy and Therapeutics Committee:

(1) Three shall serve for a term ending December 31, 2012.

(2) Three shall serve for a term ending December 31, 2013.

(3) Three shall serve for a term ending December 31, 2014.

**SECTION 4.** (1) The Pharmacy and Therapeutics Committee shall advise the Oregon Health Authority on:

(a) Adoption of rules to implement sections 1 to 12 of this 2011 Act in accordance with ORS chapter 183.

(b) Implementation of the medical assistance program retrospective and prospective programs as described in sections 1 to 12 of this 2011 Act, including the type of software programs to be used by the pharmacist for prospective drug use review and the provisions of the contractual agreement between the state and any entity involved in the retrospective program.

(c) Development of and application of the criteria and standards to be used in retrospective and prospective drug use review in a manner that ensures that such criteria and

standards are based on compendia, relevant guidelines obtained from professional groups through consensus-driven processes, the experience of practitioners with expertise in drug therapy, data and experience obtained from drug utilization review program operations. The committee shall have an open professional consensus process for establishing and revising criteria and standards. Criteria and standards shall be available to the public. In developing recommendations for criteria and standards, the committee shall establish an explicit ongoing process for soliciting and considering input from interested parties. The committee shall make timely revisions to the criteria and standards based upon this input in addition to revisions based upon scheduled review of the criteria and standards. Further, the drug utilization review standards shall reflect the local practices of prescribers in order to monitor:

(A) Therapeutic appropriateness.

(B) Overutilization or underutilization.

(C) Therapeutic duplication.

(D) Drug-disease contraindications.

(E) Drug-drug interactions.

(F) Incorrect drug dosage or drug treatment duration.

(G) Clinical abuse or misuse.

(H) Drug allergies.

(d) Development, selection and application of and assessment for interventions that are educational and not punitive in nature for medical assistance program prescribers, dispensers and patients.

(2) In reviewing retrospective and prospective drug use, the committee may consider only drugs that have received final approval from the federal Food and Drug Administration.

(3) The committee shall make recommendations to the authority, subject to approval by the Director of the Oregon Health Authority or the director's designee, for drugs to be included on any preferred drug list adopted by the authority and on the Practitioner-Managed Prescription Drug Plan. The committee shall also recommend all utilization controls, prior authorization requirements or other conditions for the inclusion of a drug on a preferred drug list.

(4) In making recommendations under subsection (3) of this section, the committee may use any information the committee deems appropriate including, but not limited to, information provided by the Health Evidence Review Commission and information resulting from any other evidence review process. The recommendations must be based upon the following factors in order of priority:

(a) Safety and efficacy of the drug.

(b) The ability of Oregonians to access effective prescription drugs that are appropriate for their clinical conditions.

(c) Cost of the drug.

**SECTION 5.** In addition to the duties described in section 4 of this 2011 Act, the Pharmacy and Therapeutics Committee shall do the following subject to the approval of the Director of the Oregon Health Authority:

(1) Publish an annual report, as described in section 12 of this 2011 Act.

(2) Publish and disseminate educational information to prescribers and pharmacists regarding the committee and the drug use review programs, including information on the following:

(a) Identifying and reducing the frequency of patterns of fraud, abuse or inappropriate or medically unnecessary care among prescribers, pharmacists and recipients.

(b) Potential or actual severe or adverse reactions to drugs.

(c) Therapeutic appropriateness.

(d) Overutilization or underutilization.

(e) Appropriate use of generic products.

(f) Therapeutic duplication.

(g) Drug-disease contraindications.

(h) Drug-drug interactions.

(i) Drug allergy interactions.

(j) Clinical abuse and misuse.

(3) Adopt and implement procedures designed to ensure the confidentiality of any information that identifies individual prescribers, pharmacists or recipients and that is collected, stored, retrieved, assessed or analyzed by the committee, staff of the committee, the Oregon Health Authority or contractors to the committee or the authority.

**SECTION 6.** In appropriate instances, interventions developed under section 4 (1)(d) of this 2011 Act may include the following:

(1) Information disseminated to prescribers and pharmacists to ensure that they are aware of the duties and powers of the Pharmacy and Therapeutics Committee.

(2) Written, oral or electronic reminders of recipient-specific or drug-specific information that are designed to ensure recipient, prescriber and pharmacist confidentiality, and suggested changes in the prescribing or dispensing practices designed to improve the quality of care.

(3) Face-to-face discussions between experts in drug therapy and the prescriber or pharmacist who has been targeted for educational intervention.

(4) Intensified reviews or monitoring of selected prescribers or pharmacists.

(5) Educational outreach through the retrospective program focusing on improvement of prescribing and dispensing practices.

(6) The timely evaluation of interventions to determine if the interventions have improved the quality of care.

(7) The review of case profiles before the conducting of an intervention.

**SECTION 7.** The prospective drug use review program must use guidelines established by the Oregon Health Authority that are based on the recommendations of the Pharmacy and Therapeutics Committee. The program must ensure that prior to the prescription being filled or delivered a review will be conducted by the pharmacist at the point of sale to screen for potential drug therapy problems resulting from the following:

(1) Therapeutic duplication.

(2) Drug-drug interactions, including serious interactions with nonprescription or over-the-counter drugs.

(3) Incorrect dosage and duration of treatment.

(4) Drug-allergy interactions.

(5) Clinical abuse and misuse.

(6) Drug-disease contraindications.

**SECTION 8.** The retrospective drug use review program must use:

(1) Guidelines established by the Oregon Health Authority that are based on the recom-

1   mendations of the Pharmacy and Therapeutics Committee; and

2       (2) The mechanized drug claims processing and information retrieval system to analyze  
3   claims data on drug use against explicit predetermined standards that are based on  
4   compendia and other sources to monitor the following:

5       (a) Therapeutic appropriateness.

6       (b) Overutilization or underutilization.

7       (c) Fraud and abuse.

8       (d) Therapeutic duplication.

9       (e) Drug-disease contraindications.

10      (f) Drug-drug interactions.

11      (g) Incorrect drug dosage or duration of drug treatment.

12      (h) Clinical abuse and misuse.

13      **SECTION 9.** (1) Information collected under sections 1 to 12 of this 2011 Act that identi-  
14   fies an individual is confidential and may not be disclosed by the Pharmacy and Therapeutics  
15   Committee, the retrospective program or the Oregon Health Authority to any person other  
16   than a health care provider appearing on a recipient's medication profile.

17      (2) The staff of the committee may have access to identifying information for purposes  
18   of carrying out intervention activities. The identifying information may not be released to  
19   anyone other than a staff member of the committee, the retrospective program, the au-  
20   thority or a health care provider appearing on a recipient's medication profile or, for pur-  
21   poses of investigating potential fraud in programs administered by the authority, the  
22   Department of Justice.

23      (3) The committee may release cumulative, nonidentifying information for the purposes  
24   of legitimate research and for educational purposes.

25      **SECTION 10.** (1) Notwithstanding ORS 192.610 to 192.690, the Pharmacy and Therapeutics  
26   Committee may meet in an executive session for purposes of:

27      (a) Reviewing the prescribing or dispensing practices of individual physicians or  
28   pharmacists;

29      (b) Discussing drug use review data pertaining to individual physicians or pharmacists;

30      (c) Reviewing profiles of individual patients; or

31      (d) Reviewing confidential drug pricing information as necessary for the committee to  
32   make final recommendations under section 4 of this 2011 Act or to comply with section 9 of  
33   this 2011 Act.

34      (2) A meeting held in executive session is subject to the requirements of ORS 192.650 (2).

35      (3) The committee shall provide appropriate opportunity for public testimony at the reg-  
36   ularly scheduled committee meetings.

37      **SECTION 11.** (1) Except as provided in section 10 of this 2011 Act, the Pharmacy and  
38   Therapeutics Committee shall operate in accordance with ORS chapter 192. The committee  
39   shall annually elect a chairperson from the members of the committee.

40      (2) A committee member is not entitled to compensation but is entitled to reimbursement  
41   for actual and necessary travel expenses incurred in connection with the member's duties,  
42   pursuant to ORS 292.495.

43      (3) A quorum consists of six members of the committee.

44      (4) The committee may establish advisory committees to assist in carrying out the  
45   committee's duties under sections 1 to 12 of this 2011 Act, with the approval of the Director

1 of the Oregon Health Authority.

2 (5) The Oregon Health Authority shall provide staff and support services to the commit-  
3 tee.

4 **SECTION 12.** (1) The annual report required under section 5 (1) of this 2011 Act is subject  
5 to public comment prior to its submission to the Director of the Oregon Health Authority  
6 and must include the following:

7 (a) An overview of the activities of the Pharmacy and Therapeutics Committee and the  
8 prospective and retrospective programs;

9 (b) A summary of interventions made, including the number of cases brought before the  
10 committee and the number of interventions made;

11 (c) An assessment of the impact of the interventions, criteria and standards used, in-  
12 cluding an overall assessment of the impact of the educational programs and interventions  
13 on prescribing and dispensing patterns;

14 (d) An assessment of the impact of the criteria, standards and educational interventions  
15 on quality of care; and

16 (e) An estimate of the cost savings generated as a result of the prospective and retro-  
17 spective programs, including an overview of the fiscal impact of the programs to other areas  
18 of the medical assistance program such as hospitalization or long term care costs. This  
19 analysis should include a cost-benefit analysis of both the prospective and retrospective  
20 programs and should take into account the administrative costs of the drug utilization re-  
21 view program.

22 (2) Copies of the annual report shall be submitted to the President of the Senate, the  
23 Speaker of the House of Representatives and other persons who request copies of the report.

## 24 25 DRUG USE REVIEW BOARD ABOLISHED

26  
27 **SECTION 13.** (1) The Drug Use Review Board is abolished. On the operative date of this  
28 section, the tenure of office of the members of the Drug Use Review Board ceases.

29 (2) All the duties, functions and powers of the Drug Use Review Board are imposed upon,  
30 transferred to and vested in the Pharmacy and Therapeutics Committee.

31 **SECTION 14.** (1) The Director of the Oregon Health Authority shall:

32 (a) Deliver to the Pharmacy and Therapeutics Committee all records and property within  
33 the jurisdiction of the Drug Use Review Board that relate to the duties, functions and powers  
34 transferred by section 13 of this 2011 Act; and

35 (b) Transfer to the committee those employees engaged primarily in the exercise of the  
36 duties, functions and powers transferred by section 13 of this 2011 Act.

37 (2) The committee shall take possession of the records and property and shall take  
38 charge of the employees and employ them, in the exercise of the duties, functions and powers  
39 transferred by section 13 of this 2011 Act, without reduction of compensation but subject to  
40 change or termination of employment or compensation as provided by law.

41 (3) The director shall resolve any dispute between the Drug Use Review Board and the  
42 Pharmacy and Therapeutics Committee relating to transfers of records, property and em-  
43 ployees under this section, and the director's decision is final.

44 **SECTION 15.** (1) The unexpended balances of amounts authorized to be expended by the  
45 Drug Use Review Board for the biennium beginning July 1, 2011, from revenues dedicated,

continuously appropriated, appropriated or otherwise made available for the purpose of administering and enforcing the duties, functions and powers transferred by section 13 of this 2011 Act are transferred to and are available for expenditure by the Pharmacy and Therapeutics Committee for the remainder of the biennium beginning July 1, 2011, for the purpose of administering and enforcing the duties, functions and powers transferred by section 13 of this 2011 Act.

(2) The expenditure classifications, if any, established by Acts authorizing or limiting expenditures by the board remain applicable to expenditures by the committee under this section.

**SECTION 16.** The transfer of duties, functions and powers to the Pharmacy and Therapeutics Committee by section 13 of this 2011 Act does not affect any action, proceeding or prosecution involving or with respect to such duties, functions and powers begun before and pending at the time of the transfer, except that the committee is substituted for the Drug Use Review Board in the action, proceeding or prosecution.

**SECTION 17.** (1) Nothing in sections 1 to 16 of this 2011 Act or the repeal of ORS 414.350, 414.355, 414.360, 414.365, 414.370, 414.375, 414.380, 414.385, 414.390, 414.395, 414.400, 414.410 or 414.415 by section 228 of this 2011 Act relieves a person of a liability, duty or obligation accruing under or with respect to the duties, functions and powers transferred by section 13 of this 2011 Act. The Pharmacy and Therapeutics Committee may undertake the collection or enforcement of any such liability, duty or obligation.

(2) The rights and obligations of the Drug Use Review Board legally incurred under contracts, leases and business transactions executed, entered into or begun before the operative date of section 13 of this 2011 Act are transferred to the Pharmacy and Therapeutics Committee. For the purpose of succession to these rights and obligations, the Pharmacy and Therapeutics Committee is a continuation of the Drug Use Review Board and is not a new authority.

**SECTION 18.** Whenever, in any uncodified law or resolution of the Legislative Assembly or in any rule, document, record or proceeding authorized by the Legislative Assembly, reference is made to the Drug Use Review Board or an officer or employee of the Drug Use Review Board, the reference is considered to be a reference to the Pharmacy and Therapeutics Committee or an officer or employee of the Pharmacy and Therapeutics Committee.

**SECTION 19.** For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel may substitute for words designating the "Drug Use Review Board" or its officers, wherever they occur in statutory law, words designating the "Pharmacy and Therapeutics Committee" or its officers.

**SECTION 20.** The Director of the Oregon Health Authority may take any action before the operative date specified in section 21 of this 2011 Act that is necessary to enable the Pharmacy and Therapeutics Committee to exercise, on and after the operative date of section 13 of this 2011 Act, the duties, functions and powers of the committee pursuant to section 13 of this 2011 Act.

**SECTION 21.** Except as otherwise specifically provided in section 20 of this 2011 Act, sections 1 to 16 of this 2011 Act become operative on January 1, 2012.

**SECTION 22.** (1) As used in this section:

(a) "Practice of pharmacy" has the meaning given that term in ORS 689.005.

(b) "Retail drug outlet" has the meaning given that term in ORS 689.005.

(2) The Health Evidence Review Commission is established in the Oregon Health Authority, consisting of 13 members appointed by the Governor in consultation with professional and other interested organizations, and confirmed by the Senate, as follows:

(a) Four members must be physicians licensed to practice medicine in this state who have clinical expertise in the areas of family medicine, internal medicine, obstetrics, perinatal health, pediatrics, disabilities, geriatrics or general surgery. One of the physicians must be a doctor of osteopathy.

(b) One member must be a dentist licensed under ORS chapter 679 who has clinical expertise in general, pediatric or public health dentistry.

(c) One member must be a public health representative who may be a nurse, physician or administrator.

(d) One member must be a behavioral health representative who may be a social services worker, alcohol and drug treatment provider, psychologist or psychiatrist.

(e) Four members must be consumers of health care who are patient advocates or represent the areas of indigent services, complementary and alternative medicine, hospitals, labor, business, education or corrections.

(f) One member must be an insurance industry representative who may be a medical director or other administrator.

(g) One member must be a pharmacy representative who engages in the practice of pharmacy at a retail drug outlet.

(3) No more than six members of the commission may be physicians either in active practice or retired from practice.

(4) Members of the commission serve for a term of four years at the pleasure of the Governor. A member is eligible for reappointment.

(5) Members are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495. Claims for expenses shall be paid out of funds available to the Oregon Health Authority for purposes of the commission.

**SECTION 23.** (1) The Health Evidence Review Commission shall select one of its members as chairperson and another as vice chairperson, for terms and with duties and powers the commission determines necessary for the performance of the functions of the offices.

(2) A majority of the members of the commission constitutes a quorum for the transaction of business.

(3) The commission shall meet at least four times per year at a place, day and hour determined by the chairperson. The commission also shall meet at other times and places specified by the call of the chairperson or of a majority of the members of the commission.

(4) The commission may use advisory committees or subcommittees whose members are appointed by the chairperson of the commission subject to approval by a majority of the members of the commission. The advisory committees or subcommittees may contain experts appointed by the chairperson and a majority of the members of the commission. The conditions of service of the experts will be determined by the chairperson and a majority of the members of the commission.

(5) The Office for Oregon Health Policy and Research shall provide staff and support services to the commission.

**SECTION 24.** (1) The Health Evidence Review Commission shall regularly solicit testimony and information from stakeholders representing consumers, advocates, providers, carriers and employers in conducting the work of the commission.

(2) The commission shall actively solicit public involvement through a public meeting process to guide health resource allocation decisions.

(3) The commission shall develop and maintain a list of health services ranked by priority, from the most important to the least important, representing the comparative benefits of each service to the population to be served. The list must be submitted by the commission pursuant to subsection (5) of this section and is not subject to alteration by any other state agency.

(4) In order to encourage effective and efficient medical evaluation and treatment, the commission:

(a) May include clinical practice guidelines in its prioritized list of services. The commission shall actively solicit testimony and information from the medical community and the public to build a consensus on clinical practice guidelines developed by the commission.

(b) May include statements of intent in its prioritized list of services. Statements of intent should give direction on coverage decisions where medical codes and clinical practice guidelines cannot convey the intent of the commission.

(c) Shall consider both the clinical effectiveness and cost-effectiveness of health services in determining their relative importance using peer-reviewed medical literature as defined in ORS 743A.060.

(d) Shall develop and maintain a list of value-based services that represents services that are recommended for coverage without financial barriers that may be used by any publicly or privately offered health benefit plan.

(5) The commission shall report the prioritized list of services to the Oregon Health Authority for budget determinations by July 1 of each even-numbered year.

(6) The commission shall make its report during each regular session of the Legislative Assembly and shall submit a copy of its report to the Governor, the Speaker of the House of Representatives and the President of the Senate.

(7) The commission may alter the list during the interim only as follows:

(a) To make technical changes to correct errors and omissions;

(b) To accommodate changes due to advancements in medical technology or new data regarding health outcomes;

(c) To accommodate changes to clinical practice guidelines; and

(d) To add statements of intent that clarify the prioritized list.

(8) If a service is deleted or added during an interim and no new funding is required, the commission shall report to the Speaker of the House of Representatives and the President of the Senate. However, if a service to be added requires increased funding to avoid discontinuing another service, the commission shall report to the Emergency Board to request the funding.

(9) The prioritized list of services remains in effect for a two-year period beginning no earlier than October 1 of each odd-numbered year.

**SECTION 25.** (1) As used in this section and section 26 of this 2011 Act:

(a) "Medical technology" means drugs, medical equipment and devices, medical or surgical procedures and techniques used by health care providers in delivering medical care to individuals, and the organizational or supportive systems within which medical care is delivered.

(b) "Medical technology assessment" means evaluation of the use, clinical effectiveness and cost of a technology in comparison with its alternatives.

(2) The Health Evidence Review Commission shall develop a medical technology assessment process. The Oregon Health Authority shall direct the commission with regard to medical technologies to be assessed and the timing of the assessments.

(3) The commission shall appoint and work with an advisory committee whose members have the appropriate expertise to conduct a medical technology assessment.

(4) The commission shall present its preliminary findings at a public hearing and shall solicit testimony and information from health care consumers. The commission shall give strong consideration to the recommendations of the advisory committee and public testimony in developing its assessment.

(5) To ensure that confidentiality is maintained, identification of a patient or a person licensed to provide health services may not be included with the data submitted under this section, and the commission shall release such data only in aggregate statistical form. All findings and conclusions, interviews, reports, studies, communications and statements procured by or furnished to the commission in connection with obtaining the data necessary to perform its functions is confidential pursuant to ORS 192.501 to 192.505.

**SECTION 26.** (1) The Health Evidence Review Commission shall conduct comparative effectiveness research of medical technologies selected in accordance with section 25 of this 2011 Act. The commission may conduct the research by comprehensive review of the comparative effectiveness research undertaken by recognized state, national or international entities. The commission shall disseminate the research findings to health care consumers, providers and third-party payers and to other interested stakeholders.

(2) The commission shall develop or identify and shall disseminate evidence-based health care guidelines for use by providers, consumers and purchasers of health care in Oregon.

(3) The Oregon Health Authority shall vigorously pursue health care purchasing strategies that adopt the research findings described in subsection (1) of this section and the evidence-based health care guidelines described in subsection (2) of this section.

(4) Public bodies, as defined in ORS 174.109, that purchase health care or provide health services directly shall adopt the research findings described in subsection (1) of this section and the evidence-based health care guidelines described in subsection (2) of this section.

## HEALTH RESOURCES COMMISSION AND HEALTH SERVICES COMMISSION ABOLISHED

**SECTION 27.** (1) The Health Resources Commission and the Health Services Commission are abolished. On the operative date of this section, the tenure of office of the members of the Health Resources Commission and the Health Services Commission ceases.

(2) All the duties, functions and powers of the Health Resources Commission and the Health Services Commission are imposed upon, transferred to and vested in the Health Evidence Review Commission.

**SECTION 28.** (1) The Director of the Oregon Health Authority shall:

(a) Deliver to the Health Evidence Review Commission all records and property within the jurisdiction of the director that relate to the duties, functions and powers transferred by section 27 of this 2011 Act; and

(b) Transfer to the commission those employees engaged primarily in the exercise of the duties, functions and powers transferred by section 27 of this 2011 Act.

(2) The commission shall take possession of the records and property and shall take charge of the employees and employ them, in the exercise of the duties, functions and powers transferred by section 27 of this 2011 Act, without reduction of compensation but subject to change or termination of employment or compensation as provided by law.

(3) The director shall resolve any dispute between the Health Resources Commission and the Health Services Commission and the Health Evidence Review Commission relating to transfers of records, property and employees under this section, and the director's decision is final.

**SECTION 29.** (1) The unexpended balances of amounts authorized to be expended by the Health Resources Commission and the Health Services Commission for the biennium beginning July 1, 2011, from revenues dedicated, continuously appropriated, appropriated or otherwise made available for the purpose of administering and enforcing the duties, functions and powers transferred by section 27 of this 2011 Act are transferred to and are available for expenditure by the Health Evidence Review Commission for the remainder of the biennium beginning July 1, 2011, for the purpose of administering and enforcing the duties, functions and powers transferred by section 27 of this 2011 Act.

(2) The expenditure classifications, if any, established by Acts authorizing or limiting expenditures by the Health Resources Commission and the Health Services Commission remain applicable to expenditures by the Health Evidence Review Commission under this section.

**SECTION 30.** The transfer of duties, functions and powers to the Health Evidence Review Commission by section 27 of this 2011 Act does not affect any action, proceeding or prosecution involving or with respect to such duties, functions and powers begun before and pending at the time of the transfer, except that the Health Evidence Review Commission is substituted for the Health Resources Commission or the Health Services Commission in the action, proceeding or prosecution.

**SECTION 31.** (1) Nothing in sections 22 to 30 of this 2011 Act or the repeal of ORS 414.715, 414.720, 414.741, 442.575, 442.580, 442.581, 442.583, 442.584, 442.588 and 442.589 by section 228 of this 2011 Act relieves a person of a liability, duty or obligation accruing under or with respect to the duties, functions and powers transferred by section 27 of this 2011 Act. The Health Evidence Review Commission may undertake the collection or enforcement of any such liability, duty or obligation.

(2) The rights and obligations of the Health Resources Commission and the Health Services Commission legally incurred under contracts, leases and business transactions executed, entered into or begun before the operative date of section 27 of this 2011 Act are transferred to the Health Evidence Review Commission. For the purpose of succession to these rights and obligations, the Health Evidence Review Commission is a continuation of the Health Resources Commission and the Health Services Commission and is not a new authority.

**SECTION 32.** The Director of the Oregon Health Authority may take any action before the operative date of section 27 of this 2011 Act that is necessary to enable the Health Evidence Review Commission to exercise, on and after the operative date of section 27 of this 2011 Act, the duties, functions and powers of the commission pursuant to section 27 of this 2011 Act.

**SECTION 33.** Whenever, in any uncodified law or resolution of the Legislative Assembly or in any rule, document, record or proceeding authorized by the Legislative Assembly, reference is made to the Health Resources Commission or the Health Services Commission or an officer or employee of the Health Resources Commission or the Health Services Commission, the reference is considered to be a reference to the Health Evidence Review Commission or an officer or employee of the Health Evidence Review Commission.

**SECTION 34.** For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel may substitute for words designating the "Health Resources Commission" or the "Health Services Commission" or the officers of the Health Resources Commission or the Health Services Commission, wherever they occur in statutory law, words designating the "Health Evidence Review Commission" or its officers.

**SECTION 35.** Except as otherwise specifically provided in section 32 of this 2011 Act, sections 22 to 30 of this 2011 Act become operative on January 1, 2012.

#### OREGON HEALTH AUTHORITY FINANCIAL ADMINISTRATION

**SECTION 36.** Notwithstanding any other provision of law, federal laws shall govern the administration of federally granted funds. The Director of the Oregon Health Authority may request a waiver of any federal law in order to fully implement provisions of state law using federally granted funds.

**SECTION 37.** (1) There is established an Oregon Health Authority Special Checking Account in the State Treasury. Upon the written request of the Director of the Oregon Health Authority, the Oregon Department of Administrative Services shall draw payments in favor of the authority to be charged against appropriations and other moneys available to the authority in the same manner as other claims against the state, as provided in ORS chapter 293. All such payments shall be deposited in the special checking account and may be disbursed by check or other means acceptable to the State Treasurer.

(2) The special checking account may be used for the purpose of paying the administrative expenses of programs and services as assigned to the authority by law, including the payment of expenses to be reimbursed by the federal government.

(3) In addition to funds authorized under ORS 293.180, the authority may establish petty cash funds out of the special checking account or any account established in the State Treasury for the authority. The authority may pay expenses using small cash disbursements from a petty cash fund. Periodically, the authority shall request reimbursement for disbursements made from a petty cash fund. Upon receipt of a reimbursement payment from an appropriate account, the authority shall use the payment to reimburse the petty cash fund.

**SECTION 38.** Notwithstanding any other law, the Oregon Health Authority may, with the approval of the Oregon Department of Administrative Services and the State Treasurer, combine or eliminate any accounts that are established in statute and appropriated to the

1 authority if economy and efficiency in operations can be obtained and the combination or  
 2 elimination of accounts does not substantially alter the intent of the authorizing statutes.  
 3 When accounts are combined, the Oregon Health Authority retains the authority granted  
 4 by the statutes establishing the accounts.

5 **SECTION 39.** The Oregon Department of Administrative Services shall draw warrants in  
 6 favor of the Oregon Health Authority for the aggregate amounts of the authority's expenses.  
 7 The authority shall deposit the warrants in the State Treasury in a checking account in re-  
 8 imbursement of those expenses. The authority may draw its checks on the State Treasury  
 9 in favor of the persons, firms, corporations, associations or counties entitled to payment  
 10 under rules of the authority so as to include in single combined payments for specified peri-  
 11 ods all moneys allotted to particular payees from various sources for the period.

12 **SECTION 40.** (1) On written request of the Oregon Health Authority, the Oregon De-  
 13 partment of Administrative Services shall draw warrants on amounts appropriated to the  
 14 authority for operating expenses for use by the authority as a revolving fund. The revolving  
 15 fund may not exceed the aggregate sum of \$100,000 including unreimbursed advances. The  
 16 revolving fund shall be deposited with the State Treasurer to be held in a special account  
 17 against which the authority may draw checks.

18 (2) The revolving fund may be used by the authority:

19 (a) To pay for or advance travel expenses for employees of the authority and for any  
 20 consultants or advisers for whom payment of travel expenses is authorized by law;

21 (b) For purchases required from time to time; or

22 (c) For receipt or disbursement of federal funds available under federal law.

23 (3) All claims for reimbursement of amounts paid from the revolving fund must be ap-  
 24 proved by the authority and by the department. When such claims are approved, the de-  
 25 partment shall draw a warrant covering them against the appropriate fund or account in  
 26 favor of the authority. The authority shall use the moneys to reimburse the revolving fund.

## 27 28 ADMINISTRATION OF HUMAN SERVICES

29  
30 **SECTION 41.** (1) As used in this section:

31 (a) "Adult foster home" has the meaning given that term in ORS 443.705.

32 (b) "Health care facility" has the meaning given that term in ORS 442.015.

33 (c) "Residential facility" has the meaning given that term in ORS 443.400.

34 (2) Every adult foster home, health care facility and residential facility licensed or reg-  
 35 istered by the Oregon Health Authority shall:

36 (a) Adopt a plan to provide for the safety of persons who are receiving care at or are  
 37 residents of the home or facility in the event of an emergency that requires immediate action  
 38 by the staff of the home or facility due to conditions of imminent danger that pose a threat  
 39 to the life, health or safety of persons who are receiving care at or are residents of the home  
 40 or facility; and

41 (b) Provide training to all employees of the home or facility about the responsibilities of  
 42 the employees to implement the plan required by this section.

43 (3) The authority shall adopt by rule the requirements for the plan and training required  
 44 by this section. The rules adopted shall include, but are not limited to, procedures for the  
 45 evacuation of the persons who are receiving care at or are residents of the adult foster

home, health care facility or residential facility to a place of safety when the conditions of imminent danger require relocation of those persons.

**SECTION 42.** (1) As used in this section, “family member” means any individual related by blood, marriage or adoption to a person whose cremated remains are in the possession of the Oregon Health Authority.

(2) Notwithstanding any other provision of law, the authority shall disclose to the general public the name and the dates of birth and death of a person whose cremated remains are in the possession of the authority for the purpose of:

(a) Giving a family member of the person an opportunity to claim the cremated remains; or

(b) Creating a memorial for those persons whose cremated remains are not claimed.

(3) If an individual contacts the authority to determine whether the authority is in possession of the cremated remains of a family member of the individual and the authority determines that the authority is in possession of the cremated remains, the authority shall disclose to the individual that the authority is in possession of the cremated remains and offer the individual the opportunity to claim the remains.

**SECTION 43.** Liquidated and delinquent debts owed to the Oregon Health Authority may be set off against amounts owed by the authority to the debtors.

**SECTION 44.** (1) Notwithstanding ORS 8.690, 9.160, 9.320 or 203.145 or ORS chapter 180 or other law, in any contested case proceeding before the Oregon Health Authority, a corporation may be represented by an attorney or by any officer or authorized agent or employee of the corporation.

(2) As used in this section, “corporation” includes a public or private corporation, whether or not organized for profit.

**SECTION 45.** (1) The Oregon Health Authority may accept funds, money or other valuable things from relatives, corporations or interested persons or organizations for the care and support of needy persons and may expend the same for the care and support of the individual or individuals for whom the moneys were paid.

(2) The authority may accept from individuals, corporations and organizations contributions or gifts in cash or otherwise that shall be disbursed in the same manner as moneys appropriated for public assistance purposes, unless the donor of a gift stipulates a different manner in which a gift must be expended. Moneys received under this section shall be deposited with the State Treasurer in an account separate and distinct from the General Fund. Interest earned by the account shall be credited to the account. Moneys in the account are continuously appropriated to the department for the purposes specified in this section.

**SECTION 46.** All sums of money recovered by or paid to the Oregon Health Authority as reimbursement for funds expended for medical assistance shall be paid into the Oregon Health Authority Fund established by ORS 413.031 and may be used for the provision and administration of medical assistance. However, the United States Government is entitled to a share of any amount received as its interest may appear, which shall be promptly paid to the United States Government.

**SECTION 47.** In addition to its other powers, the Oregon Health Authority may:

(1) Enter into agreements with, join with or accept grants from the federal government for cooperative research and demonstration projects for health and health care purposes, including, but not limited to, any project that:

1 (a) Improves the lifelong health of Oregonians.

2 (b) Aids in effecting coordination of planning between private and public health and  
3 health care agencies of the state.

4 (c) Improves the administration and effectiveness of programs carried on or assisted by  
5 the authority.

6 (2) With the cooperation and the financial assistance of the federal government, train  
7 personnel employed or preparing for employment by the authority. The training may be  
8 carried out in any manner, including but not limited to:

9 (a) Directly by the authority.

10 (b) Indirectly through grants to public or other nonprofit institutions of learning or  
11 through grants of fellowships.

12 (c) Any other manner for which federal aid in support of the training is available.

13 (3) Subject to the allotment system provided for in ORS 291.234 to 291.260, expend the  
14 sums required to be expended for the programs and projects described in subsections (1) and  
15 (2) of this section.

16 SECTION 48. (1) The Oregon Health Authority shall adopt and enforce rules governing  
17 the custody, use and preservation of the records, papers, files and communications of the  
18 authority in accordance with applicable privacy laws. The use of the records, papers, files  
19 and communications is limited to the purposes for which they are furnished and by the pro-  
20 visions of law under which they may be furnished.

21 (2) The records, papers, files and communications of the authority may be maintained in  
22 a single or combined data system accessible to the authority and to the Department of Hu-  
23 man Services for the administration of public assistance programs and for the coordination  
24 of functions shared by the authority and the department.

25 SECTION 49. (1) For the protection of applicants for and recipients of public assistance,  
26 except as otherwise provided in this section, the Oregon Health Authority may not disclose  
27 or use the contents of any public assistance records, files, papers or communications for  
28 purposes other than those directly connected with the administration of the public assistance  
29 programs or necessary to assist public assistance applicants and recipients in accessing and  
30 receiving other governmental or private nonprofit services, and these records, files, papers  
31 and communications are considered confidential subject to the rules of the authority. In any  
32 judicial or administrative proceeding, except proceedings directly connected with the admin-  
33 istration of public assistance or child support enforcement, their contents are considered  
34 privileged communications.

35 (2) Nothing in this section prohibits the disclosure or use of contents of records, files,  
36 papers or communications for purposes directly connected with the establishment and  
37 enforcement of support obligations pursuant to the Title IV-D of the Social Security Act.

38 (3) Nothing in this section prohibits the disclosure of the address, Social Security number  
39 and photograph of any applicant or recipient to a law enforcement officer at the request of  
40 the officer. To receive information pursuant to this section, the officer must furnish the  
41 agency the name of the applicant or recipient and advise that the applicant or recipient:

42 (a) Is fleeing to avoid prosecution, custody or confinement after conviction for a felony;

43 (b) Is violating a condition of probation or parole; or

44 (c) Has information that is necessary for the officer to conduct the official duties of the  
45 officer and the location or apprehension of the applicant or recipient is within such official

1 duties.

2 (4) Nothing in this section prohibits disclosure of information between the authority and  
3 the Department of Human Services for the purpose of administering public assistance pro-  
4 grams.

5 **SECTION 50.** (1) The Oregon Health Authority may serve a notice described in ORS  
6 183.415 by regular mail or by electronic mail if requested by the recipient of the notice. The  
7 legal presumption described in ORS 40.135 (1)(q) does not apply to a notice that is served by  
8 regular mail under this section.

9 (2) Except as provided in subsection (3) of this section, a contested case notice served in  
10 accordance with subsection (1) of this section that complies with ORS 183.415 but for service  
11 by regular or electronic mail becomes a final order against a party and is not subject to ORS  
12 183.470 (2), upon the earlier of the following:

13 (a) If the party fails to request a hearing, the day after the date prescribed in the notice  
14 as the deadline for requesting a hearing.

15 (b) The date the authority or the Office of Administrative Hearings mails an order dis-  
16 missing a hearing request because:

17 (A) The party withdraws the request for hearing; or

18 (B) Neither the party nor the party's representative appears on the date and at the time  
19 set for hearing.

20 (3) The authority shall prescribe by rule a period of not less than 60 days after a notice  
21 becomes a final order under subsection (2) of this section within which a party may request  
22 a hearing under this subsection. If a party requests a hearing within the period prescribed  
23 under this subsection, the authority shall do one of the following:

24 (a) If the authority finds that the party did not receive the written notice and did not  
25 have actual knowledge of the notice, refer the request for hearing to the Office of Adminis-  
26 trative Hearings for a contested case proceeding on the merits of the authority's intended  
27 action described in the notice.

28 (b) Refer the request for hearing to the Office of Administrative Hearings for a contested  
29 case proceeding to determine whether the party received the written notice or had actual  
30 knowledge of the notice. The authority must show that the party had actual knowledge of  
31 the notice or that the authority mailed the notice to the party's correct address or sent an  
32 electronic notice to the party's correct electronic mail address.

33 (4) If a party informs the authority that the party did not receive a notice served by  
34 regular or electronic mail in accordance with subsection (1) of this section, the authority  
35 shall advise the party of the right to request a hearing under subsection (3) of this section.

## 36 37 AMENDMENTS TO STATUTES

38  
39 **SECTION 51.** ORS 3.408 is amended to read:

40 3.408. (1) The presiding judge of the judicial district may assign to a family court department  
41 established under ORS 3.405 all of the following matters:

42 (a) Proceedings under the provisions of ORS chapters 107, 108, 109 and 110;

43 (b) Proceedings under the provisions of ORS chapter 25;

44 (c) Guardianship proceedings for minors under the provisions of ORS chapter 125;

45 (d) Juvenile court proceedings under ORS chapters 419A, 419B and 419C;

(e) Proceedings to commit a person with a mental illness under the provisions of ORS chapter 426 [and ORS 430.397 to 430.401];

(f) Probate proceedings under ORS chapters 111, 112, 113, 114, 115, 116 and 117; and

(g) Any other proceeding in which a family is involved.

(2) In addition to the matters specified in subsection (1) of this section, the presiding judge of the judicial district may assign to a family court department any criminal proceeding that involves domestic violence or other crime between family members.

**SECTION 52.** ORS 30.262 is amended to read:

30.262. (1) The following facilities and training homes are public bodies for the purposes of ORS 30.260 to 30.300:

(a) A nonprofit residential training facility as defined in ORS 443.400, nonprofit residential training home as defined in ORS 443.400 or nonprofit facility as defined in ORS 427.005, organized and existing under ORS chapter 65, that receives more than 50 percent of its funding from the state or a political subdivision of the state for the purpose of providing residential or vocational services to individuals with [*mental retardation or*] developmental disabilities.

(b) A nonprofit residential training facility as defined in ORS 443.400, nonprofit residential training home as defined in ORS 443.400 or nonprofit facility as defined in ORS 427.005, organized and existing under ORS chapter 65, that receives less than 50 percent of its funding from the state or a political subdivision of the state but that provides residential or vocational services to individuals with [*mental retardation or*] developmental disabilities, more than half of whom are eligible for funding for services by the Department of Human Services under criteria established by the department.

(2) The provisions of this section apply only to a nonprofit residential training facility, nonprofit residential training home or nonprofit facility that provides services to individuals with [*mental retardation or*] developmental disabilities under a contract with:

(a) The Department of Human Services; or

(b) A community mental health [*and*] **program or community** developmental disabilities program established pursuant to ORS 430.620.

**SECTION 53.** ORS 87.533 is amended to read:

87.533. A lien created by ORS 87.503 shall not be enforced so as to interfere with:

(1) Any assets or income allowed to the community spouse or dependent family member under 42 U.S.C. 1396r-5(d) or any rule of the Department of Human Services **or the Oregon Health Authority**.

(2) The priority given to the recovery of medical assistance payments under ORS 115.125 (1)(i) or (j) or other medical assistance claims under ORS 416.350 [(2) and (3)].

(3) The eligibility of a person for medical assistance or entitlement to Medicaid assistance payments.

**(4) The priority given to the recovery of cost of care payments under ORS 115.125 (1)(k), 179.620 or 179.740.**

**SECTION 54.** ORS 93.268 is amended to read:

93.268. (1) **As used in this section, "encumbrance" has the meaning given that term in ORS 411.692.**

[(1)] (2) A title insurance company or agent that discovers the presence of a request for notice of transfer or encumbrance pursuant to ORS 411.694 in the deed and mortgage records when performing a title search on real property shall:

(a) Provide the *[Department of Human Services]* **state agency that filed the request** with a notice of transfer or encumbrance of the real property within 30 days of a transfer or encumbrance that results in the issuance of a certificate of title insurance; and

(b) Disclose the presence of the request for notice of transfer or encumbrance in any report preliminary to, or any commitment to offer, a certificate of title insurance for the real property.

[(2)] (3) If the Department of Human Services **or the Oregon Health Authority** has caused to be recorded a termination of request for notice of transfer or encumbrance in the deed and mortgage records, a title insurance company or agent is no longer required to provide the notice of transfer or encumbrance required by subsection [(1)(a)] **(2)(a)** of this section for the affected real property.

[(3) *The Department of Human Services shall adopt by rule a model form for notice of transfer or encumbrance required by subsection (1)(a) of this section. A title insurance company or agent shall use the model form or a form substantially similar to the model form when notifying the department under subsection (1)(a) of this section.*]

**(4) A title insurance company or agent shall use the form adopted under ORS 411.694 or a form substantially similar to that form when providing the notice required by subsection (2)(a) of this section.**

**SECTION 55.** ORS 106.045 is amended to read:

106.045. (1) In addition to any other fees provided by law, the county clerk shall collect a fee of \$25 upon the application for a marriage license.

(2) The county clerk shall regularly pay over to the *[Oregon Health Authority]* **Department of Human Services** all moneys collected under subsection (1) of this section to be credited to the Domestic Violence Fund pursuant to ORS 409.300.

**SECTION 56.** ORS 106.330 is amended to read:

106.330. (1) In addition to any other fees provided by law, the county clerk shall collect a fee of \$25 for registering a Declaration of Domestic Partnership.

(2) The county clerk shall regularly pay over to the *[Oregon Health Authority]* **Department of Human Services** all moneys collected under subsection (1) of this section to be credited to the Domestic Violence Fund pursuant to ORS 409.300.

**SECTION 57.** ORS 113.085 is amended to read:

113.085. (1) Except as provided in subsection (2) of this section, upon the filing of the petition, if there is no will or there is a will and it has been proved, the court shall appoint a qualified person it finds suitable as personal representative, giving preference in the following order:

(a) The executor named in the will.

(b) The surviving spouse of the decedent or the nominee of the surviving spouse of the decedent.

(c) The nearest of kin of the decedent or the nominee of the nearest of kin of the decedent.

(d) The Director of Human Services **or the Director of the Oregon Health Authority**, or an attorney approved *[by the director]* under ORS 113.086, if the decedent received public assistance *[pursuant to ORS chapter 411 or received care at an institution described in ORS 179.321 (1),]* **as defined in ORS 411.010 or received care at an institution described in ORS 179.321 (1) or (2)** and it appears that the assistance or the cost of care may be recovered from the estate of the decedent.

*[(e) The Director of the Oregon Health Authority, or an attorney approved by the director under ORS 113.086, if the decedent received public assistance pursuant to ORS chapter 414 or received care at an institution described in ORS 179.321 (2), and it appears that the assistance or the cost of care may be recovered from the estate of the decedent.]*

*[(f)]* **(e)** The Department of Veterans' Affairs, if the decedent was a protected person under ORS

1 406.050 (8), and the department has joined in the petition for such appointment.

2 [(g)] (f) Any other person.

3 (2) Except as provided in subsection (3) of this section, the court shall appoint the Department  
4 of State Lands as personal representative if it appears that the decedent died wholly intestate and  
5 without known heirs. The Attorney General shall represent the Department of State Lands in the  
6 administration of the estate. Any funds received by the Department of State Lands in the capacity  
7 of personal representative may be deposited in accounts, separate and distinct from the General  
8 Fund, established with the State Treasurer. Interest earned by such account shall be credited to that  
9 account.

10 (3) The court may appoint a person other than the Department of State Lands to administer the  
11 estate of a decedent who died wholly intestate and without known heirs if the person filing a peti-  
12 tion under ORS 113.035 attaches written authorization from an estate administrator of the Depart-  
13 ment of State Lands appointed under ORS 113.235 approving the filing of the petition by the person.  
14 Except as provided by rule adopted by the Director of the Department of State Lands, an estate  
15 administrator may consent to the appointment of another person to act as personal representative  
16 only if it appears after investigation that the estate is insolvent.

17 **SECTION 58.** ORS 113.145 is amended to read:

18 113.145. (1) Upon appointment a personal representative shall deliver or mail to the devisees,  
19 heirs and the persons described in ORS 113.035 (8) and (9) who were required to be named in the  
20 petition for appointment of a personal representative, at the addresses therein shown, information  
21 that shall include:

22 (a) The title of the court in which the estate proceeding is pending and the clerk's file number;

23 (b) The name of the decedent and the place and date of the death of the decedent;

24 (c) Whether or not a will of the decedent has been admitted to probate;

25 (d) The name and address of the personal representative and the attorney of the personal rep-  
26 resentative;

27 (e) The date of the appointment of the personal representative;

28 (f) A statement advising the devisee, heir or other interested person that the rights of the  
29 devisee, heir or other interested person may be affected by the proceeding and that additional in-  
30 formation may be obtained from the records of the court, the personal representative or the attorney  
31 for the personal representative;

32 (g) If information under this section is required to be delivered or mailed to a person described  
33 in ORS 113.035 (8), a statement that the rights of the person in the estate may be barred unless the  
34 person proceeds as provided in ORS 113.075 within four months of the delivery or mailing of the  
35 information; and

36 (h) If information under this section is required to be delivered or mailed to a person described  
37 in ORS 113.035 (9), a statement that the rights of the person in the estate may be barred unless the  
38 person proceeds as provided in ORS 112.049 within four months of the delivery or mailing of the  
39 information.

40 (2) If the personal representative is a devisee, heir or other interested person named in the pe-  
41 tition the personal representative is not required to deliver or mail the information under this sec-  
42 tion to the personal representative.

43 (3) The failure of the personal representative to give information under this section is a breach  
44 of duty to the persons concerned, but does not affect the validity of appointment, duties or powers  
45 or the exercise of duties or powers.

(4) Within 30 days after the date of appointment a personal representative shall cause to be filed in the estate proceeding proof of the delivery or mailing required by this section or a waiver of notice as provided under ORS 111.225. The proof shall include a copy of the information delivered or mailed and the names of the persons to whom it was delivered or mailed.

(5) If before the filing of the final account the personal representative has actual knowledge that the petition did not include the name and address of any person described in ORS 113.035 (4), (5), (7), (8) or (9), the personal representative shall:

(a) Make reasonable efforts under the circumstances to ascertain each of those names and addresses;

(b) Promptly deliver or mail information as described in subsection (1) of this section to each of those persons located after the filing of the petition and before the filing of the final account; and

(c) File in the estate proceeding, on or before filing the final account under ORS 116.083, proof of compliance with this subsection or a waiver of notice as provided under ORS 111.225.

(6) Within 30 days after the appointment of a personal representative, the personal representative must mail or deliver the information specified in subsection (1) of this section and a copy of the death certificate of the decedent to the Department of Human Services and the Oregon Health Authority **or as otherwise provided by rule adopted by the authority.**

**SECTION 59.** ORS 114.305 is amended to read:

114.305. Subject to the provisions of ORS 97.130 (2) and except as restricted or otherwise provided by the will of the decedent, a document of anatomical gift under ORS 97.965 or by court order, a personal representative, acting reasonably for the benefit of interested persons, is authorized to:

(1) Direct and authorize disposition of the remains of the decedent pursuant to ORS 97.130 and incur expenses for the funeral, burial or other disposition of the remains in a manner suitable to the condition in life of the decedent. Only those funeral expenses necessary for a plain and decent funeral and disposition of the remains of the decedent may be paid from the estate if the assets are insufficient to pay the claims of the Department of Human Services **and the Oregon Health Authority** for the net amount of public assistance, as defined in ORS 411.010, paid to or for the decedent and for care and maintenance of any decedent who was at a state institution to the extent provided in ORS 179.610 to 179.770.

(2) Retain assets owned by the decedent pending distribution or liquidation.

(3) Receive assets from fiduciaries or other sources.

(4) Complete, compromise or refuse performance of contracts of the decedent that continue as obligations of the estate, as the personal representative may determine under the circumstances. In performing enforceable contracts by the decedent to convey or lease real property, the personal representative, among other courses of action, may:

(a) Execute and deliver a deed upon satisfaction of any sum remaining unpaid or upon receipt of the note of the purchaser adequately secured; or

(b) Deliver a deed in escrow with directions that the proceeds, when paid in accordance with the escrow agreement, be paid to the successors of the decedent, as designated in the escrow agreement.

(5) Satisfy written pledges of the decedent for contributions, whether or not the pledges constituted binding obligations of the decedent or were properly presented as claims.

(6) Deposit funds not needed to meet currently payable debts and expenses, and not immediately distributable, in bank or savings and loan association accounts, or invest the funds in bank or savings and loan association certificates of deposit, or federally regulated money-market funds and

1 short-term investment funds suitable for investment by trustees under ORS 130.750 to 130.775, or  
 2 short-term United States Government obligations.

3 (7) Abandon burdensome property when it is valueless, or is so encumbered or is in a condition  
 4 that it is of no benefit to the estate.

5 (8) Vote stocks or other securities in person or by general or limited proxy.

6 (9) Pay calls, assessments and other sums chargeable or accruing against or on account of se-  
 7 curities.

8 (10) Sell or exercise stock subscription or conversion rights.

9 (11) Consent, directly or through a committee or other agent, to the reorganization, consol-  
 10 idation, merger, dissolution or liquidation of a corporation or other business enterprise.

11 (12) Hold a security in the name of a nominee or in other form without disclosure of the interest  
 12 of the estate, but the personal representative is liable for any act of the nominee in connection with  
 13 the security so held.

14 (13) Insure the assets of the estate against damage and loss, and insure the personal represen-  
 15 tative against liability to third persons.

16 (14) Advance or borrow money with or without security.

17 (15) Compromise, extend, renew or otherwise modify an obligation owing to the estate. A per-  
 18 sonal representative who holds a mortgage, pledge, lien or other security interest may accept a  
 19 conveyance or transfer of the encumbered asset in lieu of foreclosure in full or partial satisfaction  
 20 of the indebtedness.

21 (16) Accept other real property in part payment of the purchase price of real property sold by  
 22 the personal representative.

23 (17) Pay taxes, assessments and expenses incident to the administration of the estate.

24 (18) Employ qualified persons, including attorneys, accountants and investment advisers, to ad-  
 25 vise and assist the personal representative and to perform acts of administration, whether or not  
 26 discretionary, on behalf of the personal representative.

27 (19) Prosecute or defend actions, claims or proceedings in any jurisdiction for the protection of  
 28 the estate and of the personal representative in the performance of duties as personal represen-  
 29 tative.

30 (20) Prosecute claims of the decedent including those for personal injury or wrongful death.

31 (21) Continue any business or venture in which the decedent was engaged at the time of death  
 32 to preserve the value of the business or venture.

33 (22) Incorporate or otherwise change the business form of any business or venture in which the  
 34 decedent was engaged at the time of death.

35 (23) Discontinue and wind up any business or venture in which the decedent was engaged at the  
 36 time of death.

37 (24) Provide for exoneration of the personal representative from personal liability in any con-  
 38 tract entered into on behalf of the estate.

39 (25) Satisfy and settle claims and distribute the estate as provided in ORS chapters 111, 112, 113,  
 40 114, 115, 116 and 117.

41 (26) Perform all other acts required or permitted by law or by the will of the decedent.

42 **SECTION 60.** ORS 115.125 is amended to read:

43 115.125. (1) If the applicable assets of the estate are insufficient to pay all expenses and claims  
 44 in full, the personal representative shall make payment in the following order:

45 (a) Support of spouse and children, subject to the limitations imposed by ORS 114.065.

(b) Expenses of administration.

(c) Expenses of a plain and decent funeral and disposition of the remains of the decedent.

(d) Debts and taxes with preference under federal law.

(e) Reasonable and necessary medical and hospital expenses of the last illness of the decedent, including compensation of persons attending the decedent.

(f) Taxes with preference under the laws of this state that are due and payable while possession of the estate of the decedent is retained by the personal representative.

(g) Debts owed employees of the decedent for labor performed within 90 days immediately preceding the date of death of the decedent.

(h) Child support arrearages.

(i) The claim of the **Department of Human Services or the Oregon Health Authority** for the amount of the state's monthly contribution to the federal government to defray the costs of outpatient prescription drug coverage provided to a person who is eligible for Medicare Part D prescription drug coverage and who receives benefits under the state medical assistance program or Title XIX of the Social Security Act.

(j) The claim of the Department of Human Services **or the Oregon Health Authority** for the net amount of assistance paid to or for the decedent, in the following order:

(A) Public assistance, as defined in ORS 411.010, funded entirely by moneys from the General Fund; and

(B) Public assistance, as defined in ORS 411.010, funded by a combination of state and federal funds.

(k) The claim of the Department of Human Services or the Oregon Health Authority for the care and maintenance of the decedent at a state institution, as provided in ORS 179.610 to 179.770.

(L) The claim of the Department of Corrections for care and maintenance of any decedent who was at a state institution to the extent provided in ORS 179.610 to 179.770.

(m) All other claims against the estate.

(2) If the applicable assets of the estate are insufficient to pay in full all expenses or claims of any one class specified in subsection (1) of this section, each expense or claim of that class shall be paid only in proportion to the amount thereof.

**SECTION 61.** ORS 115.195 is amended to read:

115.195. (1) A claim that has been disallowed by the personal representative may not be allowed by any court except upon some competent, satisfactory evidence other than the testimony of the claimant.

(2) Notwithstanding subsection (1) of this section, claims for recovery of public assistance as defined by ORS 411.010 may be allowed based on evidence in the form of documents from the Department of Human Services **or the Oregon Health Authority** that contain information relating to that public assistance, such as the date that services were provided to the decedent, the classification of those services, the name of the provider or the provider's identification number, and the amount of the public assistance payment made for the services. The documents may be prints obtained from microfilm or microfiche, or printouts from computer records or other electronic storage medium. Notwithstanding ORS 40.460 and 40.510, a document described in this subsection is prima facie evidence of the information contained in the document and is not excluded from introduction as hearsay, and extrinsic evidence of authenticity of the document as a condition precedent to admissibility is not required, if the document bears a seal that on its face is the seal of the Director of Human Services or the designee of the director, **or the Director of the Oregon Health Au-**

thority or the designee of the director, and:

(a) For a print obtained from microfilm or microfiche, also bears a statement indicating that the print is a true copy of the microfilm or microfiche record, signed by a person who purports to be an officer or employee of the department [*of Human Services*] **or the authority**; or

(b) For a printout from computer records or other electronic storage medium, also bears a statement indicating that the printout accurately reflects the data retrieved, signed by a person who purports to be an officer or employee of the department [*of Human Services*] **or the authority**.

**SECTION 62.** ORS 116.093 is amended to read:

116.093. (1) Upon filing the final account and petition for a judgment of distribution, the personal representative shall fix a time for filing objections thereto in a notice thereof. Not less than 20 days before the time fixed in the notice, the personal representative shall cause a copy of the notice to be mailed to:

(a) Each heir at the last-known address of the heir, if the decedent died intestate.

(b) Each devisee at the last-known address of the devisee, if the decedent died testate.

(c) Each creditor who has not received payment in full and whose claim has not otherwise been barred.

(d) Any other person known to the personal representative to have or to claim an interest in the estate being distributed.

(2) The notice need not be mailed to the personal representative.

(3) Proof of the mailing to those persons entitled to notice shall be filed in the estate proceeding at or before approval of the final account.

(4) If the Department of Human Services has presented a claim under ORS chapter 411 or ORS 416.310 to 416.340 or 417.010 to 417.080, or the Oregon Health Authority has presented a claim under ORS chapter 414 or ORS 416.310 to 416.340 or 416.510 to 416.990, or the Department of Corrections has presented a claim under ORS 179.620 (3), and the claim has not been settled or paid in full, the personal representative shall mail to the appropriate department a copy of the final account at the same time, and shall make proof of the mailing in the same manner, as the notice provided for in this section.

**(5) The Oregon Health Authority may adopt rules designating the Department of Human Services as the appropriate department to receive the final account for claims presented by the authority under subsection (4) of this section.**

**SECTION 63.** ORS 130.370 is amended to read:

130.370. (1) Within three months after a petition is entered in the register of the court under ORS 130.355, or within such longer time as the court allows, a trustee must make reasonably diligent efforts to investigate the financial records and affairs of the settlor and to take such further actions as are reasonably necessary to ascertain the identity and address of each person who has or asserts a claim against the trust estate. The court shall allow the trustee as much time as requested by the trustee for the purpose of determining the claims against the trust estate. The trustee must thereafter cause to be delivered or mailed a notice containing the information required in subsection (2) of this section [*to each person known by the trustee to have or to assert a claim against the trust estate and*] to the Department of Human Services and the Oregon Health Authority, **or as otherwise provided by rule adopted by the authority, and to each person known by the trustee to have or to assert a claim against the trust estate.** Notice under this section is not required for any claim that has already been presented, accepted or paid in full or on account of a claim that is merely conjectural.

(2) The notice required by this section must include:

(a) The name of the settlor and the last four digits of the settlor's Social Security number;

(b) The name of the trustee and the address at which claims must be presented;

(c) A statement that claims against the trust estate that are not presented to the trustee within 30 days after the date of the notice may be barred;

(d) The date of the notice, which shall be the date on which the notice is delivered or mailed; and

(e) A copy of the settlor's death certificate.

**SECTION 64.** ORS 130.425 is amended to read:

130.425. (1) Claims allowed against the trust estate under ORS 130.350 to 130.450 must be paid by the trustee in the following order of priority:

(a) Expenses of administering the trust estate.

(b) Expenses of a plain and decent funeral and disposition of the remains of the settlor.

(c) Debts and taxes with preference under federal law.

(d) Reasonable and necessary medical and hospital expenses of the last illness of the settlor, including compensation of persons attending the settlor.

(e) Taxes with preference under the laws of this state that are due and payable while possession of the trust estate of the settlor is retained by the trustee.

(f) Debts owed employees of the settlor for labor performed within 90 days immediately preceding the date of death of the settlor.

(g) Child support arrearages.

(h) [A *claim*] **Claims** of the Department of Human Services **and the Oregon Health Authority** for the net amount of public assistance, as defined in ORS 411.010.

(i) [A *claim*] **Claims** of the Department of Human Services [or] **and** the Oregon Health Authority for the care and maintenance of any settlor who was a patient at a state institution under ORS 179.610 to 179.770.

(j) All other claims against the trust estate.

(2) If the assets of the trust estate are insufficient to pay in full all expenses or claims of any one class specified in subsection (1) of this section, each expense or claim of that class shall be paid only in proportion to the amount thereof.

**SECTION 65.** ORS 179.505 is amended to read:

179.505. (1) As used in this section:

(a) "Disclosure" means the release of, transfer of, provision of access to or divulgence in any other manner of information outside the health care services provider holding the information.

(b) "Health care services provider" means:

(A) Medical personnel or other staff employed by or under contract with a public provider to provide health care or maintain written accounts of health care provided to individuals; or

(B) Units, programs or services designated, operated or maintained by a public provider to provide health care or maintain written accounts of health care provided to individuals.

(c) "Individually identifiable health information" means any health information that is:

(A) Created or received by a health care services provider; and

(B) Identifiable to an individual, including demographic information that identifies the individual, or for which there is a reasonable basis to believe the information can be used to identify an individual, and that relates to:

(i) The past, present or future physical or mental health or condition of an individual;

(ii) The provision of health care to an individual; or

(iii) The past, present or future payment for the provision of health care to an individual.

(d) "Personal representative" includes but is not limited to:

(A) A person appointed as a guardian under ORS 125.305, 419B.370, 419C.481 or 419C.555 with authority to make medical and health care decisions;

(B) A person appointed as a health care representative under ORS 127.505 to 127.660 or a representative under ORS 127.700 to 127.737 to make health care decisions or mental health treatment decisions; and

(C) A person appointed as a personal representative under ORS chapter 113.

(e) "Psychotherapy notes" means notes recorded in any medium:

(A) By a mental health professional, in the performance of the official duties of the mental health professional;

(B) Documenting or analyzing the contents of conversation during a counseling session; and

(C) That are maintained separately from the rest of the individual's record.

(f) "Psychotherapy notes" does not mean notes documenting:

(A) Medication prescription and monitoring;

(B) Counseling session start and stop times;

(C) Modalities and frequencies of treatment furnished;

(D) Results of clinical tests; or

(E) Any summary of the following items:

(i) Diagnosis;

(ii) Functional status;

(iii) Treatment plan;

(iv) Symptoms;

(v) Prognosis; or

(vi) Progress to date.

(g) "Public provider" means:

(A) The Blue Mountain Recovery Center, the Eastern Oregon Training Center and the Oregon State Hospital campuses;

(B) Department of Corrections institutions as defined in ORS 421.005;

(C) A contractor of the Department of Corrections, the Department of Human Services or the Oregon Health Authority that provides health care to individuals residing in a state institution operated by the agencies;

(D) A community mental health program or community developmental disabilities program as described in ORS 430.610 to 430.695 and the public and private entities with which it contracts to provide mental health or developmental disabilities programs or services;

(E) A program or service provided under ORS 431.250, 431.375 to 431.385 or 431.416;

(F) A program or service established or maintained under ORS 430.630 **or section 174 of this 2011 Act;**

(G) A program or facility providing an organized full-day or part-day program of treatment that is licensed, approved, established, maintained or operated by or contracted with the Oregon Health Authority for alcoholism, drug addiction or mental or emotional disturbance;

(H) A program or service providing treatment by appointment that is licensed, approved, established, maintained or operated by or contracted with the authority for alcoholism, drug addiction or mental or emotional disturbance; or

1 (I) The impaired health professional program established under ORS 676.190.

2 (h) "Written account" means records containing only individually identifiable health information.

3 (2) Except as provided in subsections (3), (4), (6), (7), (8), (9), (11), (12), (14), (15), (16) and (17) of  
4 this section or unless otherwise permitted or required by state or federal law or by order of the  
5 court, written accounts of the individuals served by any health care services provider maintained  
6 in or by the health care services provider by the officers or employees thereof who are authorized  
7 to maintain written accounts within the official scope of their duties are not subject to access and  
8 may not be disclosed. This subsection applies to written accounts maintained in or by facilities of  
9 the Department of Corrections only to the extent that the written accounts concern the medical,  
10 dental or psychiatric treatment as patients of those under the jurisdiction of the Department of  
11 Corrections.

12 (3) If the individual or a personal representative of the individual provides an authorization, the  
13 content of any written account referred to in subsection (2) of this section must be disclosed ac-  
14 cordingly, if the authorization is in writing and is signed and dated by the individual or the personal  
15 representative of the individual and sets forth with specificity the following:

16 (a) Name of the health care services provider authorized to make the disclosure, except when  
17 the authorization is provided by recipients of or applicants for public assistance to a governmental  
18 entity for purposes of determining eligibility for benefits or investigating for fraud;

19 (b) Name or title of the persons or organizations to which the information is to be disclosed or  
20 that information may be disclosed to the public;

21 (c) Name of the individual;

22 (d) Extent or nature of the information to be disclosed; and

23 (e) Statement that the authorization is subject to revocation at any time except to the extent  
24 that action has been taken in reliance thereon, and a specification of the date, event or condition  
25 upon which it expires without express revocation. However, a revocation of an authorization is not  
26 valid with respect to inspection or records necessary to validate expenditures by or on behalf of  
27 governmental entities.

28 (4) The content of any written account referred to in subsection (2) of this section may be dis-  
29 closed without an authorization:

30 (a) To any person to the extent necessary to meet a medical emergency.

31 (b) At the discretion of the responsible officer of the health care services provider, which in the  
32 case of any Oregon Health Authority facility or community mental health program is the Director  
33 of the Oregon Health Authority, to persons engaged in scientific research, program evaluation, peer  
34 review and fiscal audits. However, individual identities may not be disclosed to such persons, except  
35 when the disclosure is essential to the research, evaluation, review or audit and is consistent with  
36 state and federal law.

37 (c) To governmental agencies when necessary to secure compensation for services rendered in  
38 the treatment of the individual.

39 (5) When an individual's identity is disclosed under subsection (4) of this section, a health care  
40 services provider shall prepare, and include in the permanent records of the health care services  
41 provider, a written statement indicating the reasons for the disclosure, the written accounts dis-  
42 closed and the recipients of the disclosure.

43 (6) The content of any written account referred to in subsection (2) of this section and held by  
44 a health care services provider currently engaged in the treatment of an individual may be disclosed  
45 to officers or employees of that provider, its agents or cooperating health care services providers

1 who are currently acting within the official scope of their duties to evaluate treatment programs,  
 2 to diagnose or treat or to assist in diagnosing or treating an individual when the written account  
 3 is to be used in the course of diagnosing or treating the individual. Nothing in this subsection  
 4 prevents the transfer of written accounts referred to in subsection (2) of this section among health  
 5 care services providers, the Department of Human Services, the Department of Corrections, the  
 6 Oregon Health Authority or a local correctional facility when the transfer is necessary or beneficial  
 7 to the treatment of an individual.

8 (7) When an action, suit, claim, arbitration or proceeding is brought under ORS 34.105 to 34.240  
 9 or 34.310 to 34.730 and involves a claim of constitutionally inadequate medical care, diagnosis or  
 10 treatment, or is brought under ORS 30.260 to 30.300 and involves the Department of Corrections or  
 11 an institution operated by the department, nothing in this section prohibits the disclosure of any  
 12 written account referred to in subsection (2) of this section to the Department of Justice, Oregon  
 13 Department of Administrative Services, or their agents, upon request, or the subsequent disclosure  
 14 to a court, administrative hearings officer, arbitrator or other administrative decision maker.

15 (8)(a) When an action, suit, claim, arbitration or proceeding involves the Department of Human  
 16 Services, the Oregon Health Authority or an institution operated by the department or authority,  
 17 nothing in this section prohibits the disclosure of any written account referred to in subsection (2)  
 18 of this section to the Department of Justice, Oregon Department of Administrative Services, or their  
 19 agents.

20 (b) Disclosure of information in an action, suit, claim, nonlabor arbitration or proceeding is  
 21 limited by the relevancy restrictions of ORS 40.010 to 40.585, 183.710 to 183.725, 183.745 and 183.750  
 22 and ORS chapter 183. Only written accounts of a plaintiff, claimant or petitioner shall be disclosed  
 23 under this paragraph.

24 (c) Disclosure of information as part of a labor arbitration or proceeding to support a personnel  
 25 action taken against staff is limited to written accounts directly relating to alleged action or in-  
 26 action by staff for which the personnel action was imposed.

27 (9)(a) The copy of any written account referred to in subsection (2) of this section, upon written  
 28 request of the individual or a personal representative of the individual, shall be disclosed to the  
 29 individual or the personal representative of the individual within a reasonable time not to exceed  
 30 five working days. The individual or the personal representative of the individual shall have the  
 31 right to timely access to any written accounts.

32 (b) If the disclosure of psychiatric or psychological information contained in the written account  
 33 would constitute an immediate and grave detriment to the treatment of the individual, disclosure  
 34 may be denied, if medically contraindicated by the treating physician or a licensed health care  
 35 professional in the written account of the individual.

36 (c) The Department of Corrections may withhold psychiatric or psychological information if:

37 (A) The information relates to an individual other than the individual seeking it.

38 (B) Disclosure of the information would constitute a danger to another individual.

39 (C) Disclosure of the information would compromise the privacy of a confidential source.

40 (d) However, a written statement of the denial under paragraph (c) of this subsection and the  
 41 reasons therefor must be entered in the written account.

42 (10) A health care services provider may require a person requesting disclosure of the contents  
 43 of a written account under this section to reimburse the provider for the reasonable costs incurred  
 44 in searching files, abstracting if requested and copying if requested. However, an individual or a  
 45 personal representative of the individual may not be denied access to written accounts concerning

1 the individual because of inability to pay.

2 (11) A written account referred to in subsection (2) of this section may not be used to initiate  
3 or substantiate any criminal, civil, administrative, legislative or other proceedings conducted by  
4 federal, state or local authorities against the individual or to conduct any investigations of the in-  
5 dividual. If the individual, as a party to an action, suit or other judicial proceeding, voluntarily  
6 produces evidence regarding an issue to which a written account referred to in subsection (2) of this  
7 section would be relevant, the contents of that written account may be disclosed for use in the  
8 proceeding.

9 (12) Information obtained in the course of diagnosis, evaluation or treatment of an individual  
10 that, in the professional judgment of the health care services provider, indicates a clear and imme-  
11 diate danger to others or to society may be reported to the appropriate authority. A decision not  
12 to disclose information under this subsection does not subject the provider to any civil liability.  
13 Nothing in this subsection may be construed to alter the provisions of ORS 146.750, 146.760,  
14 419B.010, 419B.015, 419B.020, 419B.025, 419B.030, 419B.035, 419B.040 and 419B.045.

15 (13) The prohibitions of this section apply to written accounts concerning any individual who  
16 has been treated by any health care services provider irrespective of whether or when the individual  
17 ceases to receive treatment.

18 (14) Persons other than the individual or the personal representative of the individual who are  
19 granted access under this section to the contents of a written account referred to in subsection (2)  
20 of this section may not disclose the contents of the written account to any other person except in  
21 accordance with the provisions of this section.

22 (15) Nothing in this section prevents the Department of Human Services or the Oregon Health  
23 Authority from disclosing the contents of written accounts in its possession to individuals or agen-  
24 cies with whom children in its custody are placed.

25 (16) The system described in ORS 192.517 (1) shall have access to records, as defined in ORS  
26 192.515, as provided in ORS 192.517.

27 (17)(a) Except as provided in paragraph (b) of this subsection, a health care services provider  
28 must obtain an authorization from an individual or a personal representative of the individual to  
29 disclose psychotherapy notes.

30 (b) A health care services provider may use or disclose psychotherapy notes without obtaining  
31 an authorization from the individual or a personal representative of the individual to carry out the  
32 following treatment, payment and health care operations:

33 (A) Use by the originator of the psychotherapy notes for treatment;

34 (B) Disclosure by the health care services provider for its own training program in which stu-  
35 dents, trainees or practitioners in mental health learn under supervision to practice or improve their  
36 skills in group, joint, family or individual counseling; or

37 (C) Disclosure by the health care services provider to defend itself in a legal action or other  
38 proceeding brought by the individual or a personal representative of the individual.

39 (c) An authorization for the disclosure of psychotherapy notes may not be combined with an  
40 authorization for a disclosure of any other individually identifiable health information, but may be  
41 combined with another authorization for a disclosure of psychotherapy notes.

42 **SECTION 66.** ORS 179.560 is amended to read:

43 179.560. (1) There is established in the [*Department of Human Services*] **Oregon Health Au-**  
44 **thority** the Oregon State Hospital Advisory Board, consisting of 16 members. Two nonvoting mem-  
45 bers shall be from the Legislative Assembly, one appointed by the President of the Senate and one

1 appointed by the Speaker of the House of Representatives. Fourteen members shall be appointed by  
 2 the Governor and be subject to confirmation by the Senate in the manner prescribed in ORS 171.562  
 3 and 171.565 and shall include the following:

4 (a) Three voting members who are individuals who advocate for or provide representation to  
 5 individuals with mental illness;

6 (b) Three voting members who are health care professionals who have experience working with  
 7 individuals with mental illness;

8 (c) Two voting members who are or have been consumers of mental health services, at least one  
 9 of whom is a former patient of the Oregon State Hospital located in Salem, Marion County;

10 (d) One voting member who is a member of the family of a consumer of mental health services;

11 (e) Two voting members who are members of the general public who live in the vicinity of the  
 12 Oregon State Hospital located in Salem, Marion County; and

13 (f) Three nonvoting members who are members of a public employee bargaining unit and who  
 14 are employed by the Oregon State Hospital located in Salem, Marion County, as follows:

15 (A) One individual to represent board-certified physicians;

16 (B) One individual to represent board-certified nursing staff; and

17 (C) One individual to represent direct care services staff.

18 (2) Members appointed by the Governor shall serve four-year terms, but a member serves at the  
 19 pleasure of the Governor. Before the expiration of the term of a member appointed by the Governor,  
 20 the Governor shall appoint a successor whose term begins on July 1 next following. A member is  
 21 eligible for reappointment.

22 (3) Members of the board appointed by the President of the Senate and the Speaker of the House  
 23 of Representatives shall serve two-year terms.

24 (4) If there is a vacancy for any cause, the appointing authority shall make an appointment to  
 25 become immediately effective for the unexpired term.

26 (5) The Governor shall select one of the voting members of the Oregon State Hospital Advisory  
 27 Board as chairperson and another as vice chairperson, for such terms and with duties and powers  
 28 necessary for the performance of the functions of such offices as the Governor determines.

29 (6) A majority of the voting members of the board constitutes a quorum for the transaction of  
 30 business.

31 (7) The board shall meet at times and places specified by the call of the chairperson or of a  
 32 majority of the members of the board.

33 (8) The *[Department of Human Services]* **Oregon Health Authority** shall provide staff support  
 34 to the board.

35 (9) A voting member of the board may not individually or in a fiduciary capacity have a finan-  
 36 cial interest in the Oregon State Hospital located in Salem, Marion County.

37 **SECTION 67.** ORS 179.570 is amended to read:

38 179.570. The Oregon State Hospital Advisory Board established by ORS 179.560:

39 (1) Shall periodically conduct a comprehensive review of federal and state laws concerning, and  
 40 administrative rules, policies, procedures and protocols of the Oregon State Hospital related to, the  
 41 safety, security and care of patients;

42 (2) May make recommendations directly to the superintendent of the Oregon State Hospital, the  
 43 Director of *[Human Services]* **the Oregon Health Authority**, the Legislative Assembly or interim  
 44 committees of the Legislative Assembly concerning:

45 (a) Federal and state laws concerning, and administrative rules, policies, procedures and proto-

cols of the hospital related to, the safety, security and care of patients;

(b) Performance measures related to the safety, security and care of patients;

(c) Goals for improvement in the safety, security and care of patients of the hospital and improvements that are under way; and

(d) Potential legislative proposals or budget packages related to the hospital; and

(3) Shall report annually to an appropriate committee of the Legislative Assembly regarding the activities of the board.

**SECTION 68.** ORS 181.735 is amended to read:

181.735. (1)(a) The Department of State Police shall create and maintain a medical health database within the Law Enforcement Data System in order to provide law enforcement agencies with information to help the agencies assist persons with a qualifying illness or condition in obtaining medical, mental health and social services.

(b) The department shall provide each community mental health **program director** and **each community** developmental disabilities program director with the ability to input and remove data from the medical health database.

(c) The medical health database may not be accessible to any person who is not employed by a community mental health [and] **program, community** developmental disabilities program or a law enforcement agency as defined in ORS 181.010.

(2) Not later than seven days after receiving a completed enrollment form described in subsection (6)(a) of this section, a [*community mental health and developmental disabilities program*] director shall enter an individual's information into the medical health database if the director:

(a) Has verified that the individual has a qualifying illness or condition; and

(b) Has obtained the express written consent of:

(A) The individual;

(B) A person authorized to make medical decisions for the individual, if the individual is subject to a guardianship, advanced directive for health care, declaration for mental health treatment or power of attorney that authorizes the person to make medical decisions for the individual; or

(C) A parent of the individual, if the individual is under 14 years of age.

(3) To be valid, the express written consent described in subsection (2)(b) of this section must be witnessed by at least two adults as follows:

(a) Each witness shall witness either the signing of the instrument by the individual or the person described in subsection (2)(b)(B) or (C) of this section, or the individual's or person's acknowledgment of the signature of the individual or person.

(b) At least one witness shall be a person who is not:

(A) A relative of the individual by blood, marriage or adoption; or

(B) An owner, operator or employee of a health care facility in which the individual is a patient or resident.

(c) The individual's primary care physician or mental health service provider, or any relative of the physician or provider, may not be a witness.

(4) [*The community mental health and developmental disabilities program*] A director shall destroy the completed enrollment form and remove an individual's information from the medical health database:

(a) If the director receives a completed revocation of consent form described in subsection (6)(b) of this section, signed by the individual or a person described in subsection (2)(b)(B) or (C) of this section;

(b) If the individual or a person described in subsection (2)(b)(B) of this section provides the director with a court order or other document demonstrating that the person no longer has the authority to make medical decisions for the individual;

(c) When an individual for whom consent was obtained under subsection (2)(b)(C) of this section becomes 14 years of age; or

(d) Three years from the date on which the individual's information was entered into the database.

(5) Not less than 90 days prior to removing an individual from the medical health database under subsection (4)(c) or (d) of this section, *[the]* a director shall provide notice of the impending removal to the individual and the person described in subsection (2)(b)(B) or (C) of this section.

(6) The *[Department of Human Services]* **Oregon Health Authority** shall develop:

(a) An enrollment form that allows for the collection of information to be entered into the medical health database, and that clearly states that consent by the individual or a person described in subsection (2)(b)(B) or (C) of this section is voluntary, revocable and is not a precondition for receiving medical care or mental health treatment or for discharge from a facility or program.

(b) A revocation of consent form that allows an individual or a person described in subsection (2)(b)(B) or (C) of this section to revoke the consent to include the individual's information in the medical health database.

(7) The medical health database must contain the following information:

(a) The individual's name, date of birth, last known address and physical description;

(b) Any pertinent information related to the individual's illness or condition, including related symptoms, that may assist law enforcement agencies in carrying out the purposes of this section;

(c) The date on which the information was first entered into the medical health database and the date of any subsequent updates; and

(d) Contact information for at least two of the following persons:

(A) The individual's primary care physician;

(B) The individual's case manager in the community mental health *[and]* **program or the community** developmental disabilities program;

(C) A probation officer;

(D) A family member; or

(E) Any other person willing to serve as an emergency contact person for the individual.

(8) Each *[community mental health and developmental disabilities program]* director shall provide the local public safety coordinating council described in ORS 423.560 with an annual report on the use of the medical health database. The report may not include personally identifiable information that is contained in the medical health database.

(9) As used in this section:

(a) "Community mental health **program director**" and "**community** developmental disabilities program director" *[includes]* **include** a designee of the director.

(b) "Dementia" means the progressive deterioration of intellectual functioning and other cognitive skills, including but not limited to aphasia, apraxia, memory, agnosia and executive functioning, that leads to a significant impairment in social or occupational function and that represents a significant decline from a previous level of functioning.

(c) "Developmental disability" has the meaning given that term in ORS 40.460 (18a)(d).

(d) "Qualifying illness or condition" means:

(A) Dementia;

1 (B) A developmental disability;

2 (C) An Axis I diagnosis that is described in the Diagnostic and Statistical Manual of Mental  
3 Disorders published by the American Psychiatric Association; or

4 (D) A physical or behavioral disorder that causes disorientation or otherwise may impede an  
5 individual's ability to interact effectively with a law enforcement officer.

6 **SECTION 69.** ORS 238.082 is amended to read:

7 238.082. (1) Subject to the limitations in this section, any public employer may employ any  
8 member who is retired for service if the administrative head of the public employer is satisfied that  
9 such employment is in the public interest.

10 (2) Except as provided in this section, the period or periods of employment by one or more  
11 public employers of a retired member who is reemployed under this section may not total 1,040  
12 hours or more in any calendar year.

13 (3) A retired member who is receiving old-age, survivors or disability insurance benefits under  
14 the federal Social Security Act may be employed under this section for the number of hours per-  
15 mitted by subsection (2) of this section, or for the number of hours for which the salary equals the  
16 maximum allowed for receipt of the full amount of those benefits to which the person is entitled,  
17 whichever is greater.

18 (4) Except as provided in subsection (9) of this section, the limitations on employment imposed  
19 by subsections (2) and (3) of this section do not apply to a retired member who is employed as a  
20 teacher or as an administrator, as those terms are defined in ORS 342.120, if the retired member is  
21 employed by a school district or community college district located within a county with a popu-  
22 lation of not more than 35,000 inhabitants according to the latest federal decennial census, or is  
23 employed by an education service district and the retired member's primary work duties are per-  
24 formed in a county with a population of not more than 35,000 inhabitants according to the latest  
25 federal decennial census. A retired member who is employed under this subsection as a teacher, as  
26 defined in ORS 342.120, by the same public employer that employed the member at the time of re-  
27 tirement remains in the same collective bargaining unit that included the member before retirement.

28 (5) Except as provided in subsection (9) of this section, the limitations on employment imposed  
29 by subsections (2) and (3) of this section do not apply to a retired member who is employed:

30 (a) By the sheriff of a county with a population of fewer than 75,000 inhabitants, according to  
31 the latest federal decennial census;

32 (b) By the municipal police department of a city with a population of fewer than 15,000 inhab-  
33 itants, according to the latest federal decennial census;

34 (c) By the state or a county for work in a correctional institution located in a county with a  
35 population of fewer than 75,000 inhabitants, according to the latest federal decennial census;

36 (d) By the Black Butte Ranch Rural Fire Protection District, the Black Butte Ranch Service  
37 District or the Sunriver Service District;

38 (e) By the Oregon State Police for work in a county with a population of fewer than 75,000 in-  
39 habitants, according to the latest federal decennial census; [or]

40 (f) As a deputy director or assistant director of the Department of Human Services, if the Gov-  
41 ernor approves the exemption for the person from the limitations on employment imposed in sub-  
42 sections (2) and (3) of this section[.]; or

43 **(g) As a deputy director or assistant director of the Oregon Health Authority, if the**  
44 **Governor approves the exemption for the person from the limitations on employment im-**  
45 **posed in subsections (2) and (3) of this section.**

(6) Except as provided in subsection (9) of this section, the limitations on employment imposed by subsections (2) and (3) of this section do not apply to a retired member who is employed to temporarily replace an employee who serves in the National Guard or in a reserve component of the Armed Forces of the United States and who is called to federal active duty.

(7) Except as provided in subsection (9) of this section, the limitations on employment imposed by subsections (2) and (3) of this section do not apply to a retired member who is employed by a road assessment district organized under ORS 371.405 to 371.535.

(8) Except as provided in subsection (9) of this section, the limitations on employment imposed by subsections (2) and (3) of this section do not apply to a retired member who is a nurse and is employed by a public employer as a nurse or for the purpose of teaching nursing during the period in which a nursing workforce shortage declared by the Legislative Assembly or the Governor is in effect.

(9)(a) Except as provided in paragraph (b) of this subsection, subsections (4) to (8) of this section do not apply to any member who retires under the provisions of ORS 238.280 (1), (2) or (3).

(b) Subsection (4) of this section applies to a person who retires under the provisions of ORS 238.280 (1), (2) or (3) as long as the person's date of retirement is more than six months before the date the person is employed under subsection (4) of this section.

(10) Employment under this section does not affect the status of a person as a retired member of the system and a recipient of retirement benefits under this chapter.

(11) Hours worked by a person employed under subsections (4) to (8) of this section shall not be counted for the purpose of the limitations on employment imposed by subsections (2) and (3) of this section.

**SECTION 70.** ORS 243.061 is amended to read:

243.061. (1) There is created in the Oregon [*Department of Administrative Services*] **Health Authority** the Public Employees' Benefit Board consisting of eight voting members and two members of the Legislative Assembly as nonvoting advisory members. Two of the voting members are ex officio members and six are appointed by the Governor. The voting members shall be:

(a) Four members representing the state as an employer and management employees, who shall be as follows:

(A) The Director of the Oregon [*Department of Administrative Services*] **Health Authority** or a designee of the director;

(B) The Administrator of the Office for Oregon Health Policy and Research or a designee of the administrator; and

(C) Two management employees appointed by the Governor from areas of state government other than the Oregon [*Department of Administrative Services*] **Health Authority** or the Office for Oregon Health Policy and Research; and

(b) Four members appointed by the Governor and representing nonmanagement representable employees, who shall be as follows:

(A) Two persons from the largest employee representative unit;

(B) One person from the second largest employee representative unit; and

(C) One person from representable employees not represented by employee representative units described in subparagraphs (A) and (B) of this paragraph.

(2) One member of the Senate shall be appointed by the President of the Senate and one member of the House of Representatives shall be appointed by the Speaker of the House to serve as non-voting advisory members.

(3) The term of office of each appointed voting member is four years, but an appointed voting member serves at the pleasure of the Governor. Before the expiration of the term of a voting member appointed by the Governor, the Governor shall appoint a successor to take office upon the date of that expiration. A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.

(4) The appointments by the Governor of voting members of the board are subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565.

(5) Members of the board who are not members of the Legislative Assembly shall receive no compensation for their services, but shall be paid for their necessary and actual expenses while on official business in accordance with ORS 292.495. Members of the board who are members of the Legislative Assembly shall be paid compensation and expense reimbursement as provided in ORS 171.072, payable from funds appropriated to the Legislative Assembly.

**SECTION 71.** ORS 243.145 is amended to read:

243.145. (1) The Public Employees' Benefit Board shall have authority to employ whatever means are reasonably necessary to carry out the purposes of ORS 243.105 to 243.285 and 292.051. Such authority shall include but is not limited to authority to self-insure and to seek clarification, amendment, modification, suspension or termination of any agreement or contract that in the board's judgment requires such action.

(2) Upon providing specific notice in writing to the carrier, the affected employee organization or organizations, the Oregon [*Department of Administrative Services*] **Health Authority** and affected, eligible employees, and after affording opportunity for a public hearing upon the issues that may be involved, the board may enter an order withdrawing approval of any benefit plan. Thirty days after entry of the order, the board shall terminate all withholding authorizations of eligible employees and terminate all board-approved participation in the plan.

(3) The board by order may terminate the participation of any state agency if within three months the state agency fails to perform any action required by ORS 243.105 to 243.285 and 292.051 or by board rule.

**SECTION 72.** ORS 243.862 is amended to read:

243.862. (1) There is established in the Oregon [*Department of Administrative Services*] **Health Authority** an Oregon Educators Benefit Board consisting of 10 members appointed by the Governor, including:

- (a) Two members representing district boards;
- (b) Two members representing district management;
- (c) Two members representing nonmanagement district employees from the largest labor organization representing district employees;
- (d) One member representing nonmanagement district employees from the second largest labor organization representing district employees;
- (e) One member representing nonmanagement district employees who are not represented by labor organizations described in paragraphs (c) and (d) of this subsection; and
- (f) Two members with expertise in health policy or risk management.

(2) The term of office of each member is four years, but a member serves at the pleasure of the Governor. Before the expiration of the term of a member, the Governor shall appoint a successor to take office upon the date of that expiration. A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.

(3) A member of the board is not entitled to compensation, but may be reimbursed from funds available to the board for actual and necessary travel and other expenses incurred by the member in the performance of the member's official duties in the manner and amount provided in ORS 292.495.

(4) The board shall select one of its members as chairperson and another as vice chairperson, for such terms and with duties and powers necessary for the performance of the functions of such offices as the board determines.

(5) A majority of the members of the board constitutes a quorum for the transaction of business.

(6) The board shall meet at times and places specified by the call of the chairperson or of a majority of the members of the board.

(7) Appointments of members to the board by the Governor are subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565.

**SECTION 73.** ORS 243.878 is amended to read:

243.878. (1) The Oregon Educators Benefit Board may employ whatever means are reasonably necessary to carry out the purposes of ORS 243.860 to 243.886. This authority includes, but is not limited to, authority to self-insure and to seek clarification, amendment, modification, suspension or termination of any agreement or contract.

(2) Upon providing specific notice in writing to the carrier, the affected labor organization or organizations, the districts, the Oregon [*Department of Administrative Services*] **Health Authority** and the affected eligible employees, and after affording opportunity for a public hearing on the issues that may be involved, the board may enter an order withdrawing approval of a benefit plan. Thirty days after entry of the order, the board shall terminate all withholding authorizations of eligible employees and terminate all board-approved participation in the plan.

(3) The board by order may terminate the participation of a district in a benefit plan if, within three months, the district fails to perform an action required by ORS 243.860 to 243.886 or by board rule.

**SECTION 74.** ORS 292.051 is amended to read:

292.051. (1) Except as authority over contracts for health benefit plans described in ORS 243.135 is vested in the Public Employees' Benefit Board, upon receipt of the request in writing of an officer or employee so to do, the state official authorized to disburse funds in payment of the salary or wages of the officer or employee may deduct from the salary or wages of the officer or employee an amount of money indicated in the request for payment of the applicable amount set forth in benefit plans selected by the officers or employees or in their behalf for:

(a) Group life insurance, including life insurance for dependents of officers or employees.

(b) Group dental and related services and supplies, or any other remedial care recognized by state law and related services and supplies, other than medical, surgical or hospital care, recognized under state law, including such insurance for dependents of state officers or employees.

(c) Group indemnity insurance for accidental death and dismemberment and for loss of income due to accident, sickness or other disability, including such insurance for dependents of state officers or employees.

(d) Automobile casualty insurance under a monthly payroll deduction program endorsed or offered by an employee organization representing 500 or more state employees. Membership in the employee organization is not a requirement for participation in this program.

(e) Legal insurance under a monthly payroll deduction program endorsed or offered by an employee organization representing 500 or more state employees.

(f) Self-insurance programs that are approved and provided by the Public Employees' Benefit Board.

(2) The Oregon [*Department of Administrative Services*] **Health Authority** may establish and collect a fee to cover costs of administering this section.

(3) No state official authorized to disburse funds in payment of salaries or wages is required to make deductions as authorized by subsection (1) of this section for more than one benefit plan of the type referred to in each of the paragraphs in subsection (1) of this section per eligible employee.

(4) Moneys deducted under subsection (1) of this section shall be paid over promptly:

(a) To the insurance companies, agencies or hospital associations, or persons responsible for payment of premiums to the companies, agencies or associations, in accordance with the terms of the contracts made by the officers or employees or in their behalf; or

(b) With respect to self-insurance benefits, in accordance with rules, procedures and directions of the Public Employees' Benefit Board.

(5) As used in this section, "officer or employee" means all persons who receive salaries or wages disbursed by any state official.

**SECTION 75.** ORS 343.243 is amended to read:

343.243. (1) Each school year, the Department of Education shall receive an amount, as calculated under this section, from the State School Fund to pay the costs of educating children in programs under ORS 343.261, 343.961 and 346.010.

(2) To meet the requirements of ORS 343.261, the department shall receive from the State School Fund an amount that is equal to the product of the following:

(a) The average net operating expenditure per student of all school districts during the preceding school year; and

(b) The number of slots available for students in the hospital programs under ORS 343.261, as determined by the department for the school year.

(3) To meet the requirements of ORS 343.961, the department shall receive from the State School Fund an amount that is equal to the product of the following:

(a) The average net operating expenditure per student of all school districts during the preceding school year; and

(b) The number of slots available for students in long-term care and treatment programs under ORS 343.961, as reported to the Department of Education by **the Oregon Health Authority**, the Department of Human Services and the Oregon Youth Authority for the school year.

(4) To meet the requirements of ORS 346.010, the Department of Education shall receive from the State School Fund an amount that is equal to the product of the following:

(a) The average net operating expenditure per student of all school districts during the preceding school year; and

(b) The resident average daily membership of students enrolled in a program under ORS 346.010 for one-half of the school day or more, exclusive of preschool children covered by ORS 343.533.

(5) The children covered by this section shall be enumerated in the average daily membership of the district providing the instruction but the district may not accrue credit for days' attendance of such children for the purpose of distributing state school funds.

(6) The liability of a district shall not exceed the amount established under this section even if the child is otherwise subject to ORS 336.575 and 336.580.

(7) The department shall credit amounts received from the State School Fund under this section to the appropriate subaccount in the Special Education Account.

**SECTION 76.** ORS 343.507 is amended to read:

343.507. (1) Each contractor for early childhood special education and early intervention services shall assist in the development of a local early intervention interagency advisory council in every county within the contractor's service area.

(2) Each local early intervention interagency advisory council shall include as members at least 20 percent parents of preschool children with disabilities, 20 percent providers of early childhood special education and early intervention services or other services to preschool children with disabilities, a representative of the State Commission on Children and Families and representatives from public and private agencies that serve young children and their families, including but not limited to Head Start and Oregon prekindergartens, community child care, the Child Care Division of the Employment Department, local school districts, education service districts, Department of Education regional special education programs, community mental health *[and]* **programs, community** developmental disabilities programs, Department of Human Services health programs, child welfare programs and public assistance programs, Indian education agencies, migrant programs serving young children and community colleges.

(3) Each local early intervention interagency advisory council shall select its own chairperson and vice chairperson and fix the duties of its officers.

(4) The department shall establish procedures pursuant to rules of the State Board of Education for seeking and considering local council advice regarding the selection of contractors, coordination of services and procedures for local resolution of disputes.

**SECTION 77.** ORS 343.961 is amended to read:

343.961. (1) The Department of Education shall be responsible for payment of the cost of the education in programs with which the Oregon Health Authority, **the Department of Human Services or the Oregon Youth Authority** contracts for long-term care or treatment. Programs eligible for such education shall be in accordance with criteria adopted by rule by the State Board of Education.

(2) The Department of Education shall be responsible for payment of the costs of such education by contract with the school district, excluding transportation, care, treatment and medical expenses. The resident district shall provide transportation to pupils enrolled in programs under ORS 430.715 who live at home but require day treatment. The payments may be made to the school district or, at the discretion of the school district, to the district providing the education, as set forth in subsection (3) of this section, from the funds appropriated for the purpose.

(3) The school district in which the agency is located is responsible for providing the education directly or through an adjacent school district or through the education service district in which the program is located or one contiguous thereto. The instruction may be given in facilities of such districts or in facilities provided by such agency.

(4) The school district may request the Department of Education to combine several private agency school programs into one contract with a school district, an adjacent school district or an education service district.

(5) The **Oregon Health Authority, the Department of Human Services or the Oregon Youth Authority** shall give the school district providing the education at a treatment program 14 days' notice, **to the extent practicable**, before a student is dismissed from the treatment program.

(6) The Department of Education may make advances to such school district from funds appropriated therefor based on the estimated agreed cost of educating the pupils per school year. Advances equal to 25 percent of such estimated cost may be made on September 1, December 1 and

March 1 of the current year. The balance may be paid whenever the full determination of cost is made.

(7) School districts which provide the education described in this section on a year-round plan may apply for 25 percent of the funds appropriated therefor on July 1, October 1, January 1, and 15 percent on April 1. The balance may be paid whenever the full determination of cost is made.

(8) In addition to the payment methods described in this section, the Department of Education may:

(a) Negotiate interagency agreements to pay for the cost of education in treatment programs operated under the auspices of the State Board of Higher Education; and

(b) Negotiate intergovernmental agreements to pay for the cost of education in treatment programs operated under the auspices of the Oregon Health and Science University Board of Directors.

**SECTION 78.** ORS 408.370 is amended to read:

408.370. (1) In addition to the other uses for the Oregon Housing Fund set forth in ORS 458.600 to 458.665, financial support for an Oregon Veterans' Home is a permitted use of moneys from the Oregon Housing Fund.

(2) Notwithstanding ORS 442.315, 442.325 and 442.584, an Oregon Veterans' Home is not subject to any certificate of need requirement [*but is otherwise subject to the authority of the Health Resources Commission*].

**SECTION 79.** ORS 409.010 is amended to read:

409.010. (1) The Department of Human Services is created.

(2) The department is responsible for the delivery and administration of programs and services relating to:

(a) Children and families, including but not limited to child protective services, foster care, residential care for children and adoption services;

(b) Elderly persons and persons with disabilities, including but not limited to social, health and protective services and promotion of hiring of otherwise qualified persons who are certifiably disabled;

(c) Persons who, as a result of the person's or the person's family's economic, social or health condition, require financial assistance or other social services;

(d) Developmental disabilities;

(e) Vocational rehabilitation for individuals with disabilities;

(f) Licensing and regulation of individuals, facilities, institutions and programs providing health and human services and long term care services[,] **delegated to the department by or** in accordance with the provisions of state and federal law; [*and*]

**(g) Services provided in long term care facilities, home-based and community-based care settings and residential facilities to individuals with physical disabilities or developmental disabilities or who receive residential facility care for seniors; and**

[(g)] **(h)** All other human service programs and functions delegated to the department by or in accordance with the provisions of state and federal law.

(3) The department shall be the recipient of all federal funds paid or to be paid to the state to enable the state to provide the programs and services assigned to the department **except for Medicaid funds that are granted to the Oregon Health Authority.**

(4)(a) All personnel of the department, including those engaged in the administration of vocational rehabilitation programs, public assistance programs and services to families or children in compliance with the federal Social Security laws, shall be subject to the merit system prescribed in

the State Personnel Relations Law. For purposes of the State Personnel Relations Law, the department is the appointing authority of all employees in the department.

(b) The Director of Human Services, in conformity with the State Personnel Relations Law, may appoint and employ such personnel as may be necessary for the department, and may appoint and fix the compensation of all assistants and employees of the department.

(c) The director may authorize reimbursement of such expenses as are approved by the department and incurred by assistants and employees of the department, and by volunteers or other persons not employed by the department, in carrying out duties assigned or authorized by the department.

(5) The director may designate employees to be custodians of records within any of the organizational units of the department, and persons so designated shall have the duties and powers of custodians of public records as prescribed by law. Such designation shall be in writing and notice thereof shall be filed in the office of the Secretary of State, with the director and in the organizational unit to which the authorization applies.

**SECTION 80.** ORS 409.161 is amended to read:

409.161. (1) The Department of Human Services shall report to all relevant committees of the Legislative Assembly at each regular session with respect to department employees in the classified service who directly provide:

(a) Child welfare services under ORS 418.005;

(b) Temporary assistance for needy families under ORS 412.006;

(c) Nutritional assistance under ORS 411.816;

(d) Medical assistance **eligibility determinations** under ORS 411.404;

(e) Services to elderly persons and to persons with disabilities under ORS 410.070 and 412.014; and

(f) Vocational rehabilitation services under ORS 344.530.

(2) The report of the department under this section shall address each of the following:

(a) Workload increases or decreases over the current biennium.

(b) Workload efficiencies achieved during the current biennium.

(c) Notwithstanding ORS 291.371 (5), additional staffing needs or decreases in staffing needs that exist for the current biennium or that are projected for the next biennium, including a statement of the number of full-time equivalent positions that are vacant on the date the report is prepared or that can be double filled in order to meet any needs for additional staffing.

(3) As used in this section, "double filled" means that the department is using one budgeted full-time equivalent position to employ more than one employee.

**SECTION 81.** ORS 409.162 is amended to read:

409.162. (1) The Department of Human Services shall collaborate with its existing advisory groups to identify and implement workload efficiencies in the state agencies that administer programs providing:

(a) Child welfare services under ORS 418.005;

(b) Temporary assistance for needy families under ORS 412.006;

(c) Nutritional assistance under ORS 411.816;

(d) Medical assistance **eligibility determinations** under ORS 411.404;

(e) Services to elderly persons and to persons with disabilities under ORS 410.070 and 412.014; and

(f) Vocational rehabilitation services under ORS 344.530.

(2) The department shall collaborate with the following advisory groups and other groups designated by the department in identifying and implementing workload efficiencies:

- (a) The advisory committee created by ORS 418.005 (2).
- (b) The Family Services Review Commission established under ORS 411.075.
- (c) The State Independent Living Council established by Executive Order 94-12.
- (d) The advisory committee established under ORS 344.735.
- (e) Area agency advisory councils required under ORS 410.210.
- (f) The Governor's Commission on Senior Services created by ORS 410.320.

**SECTION 82.** ORS 410.040 is amended to read:

410.040. As used in ORS 409.010, 410.040 to **410.300**, 410.320[,] **and** 411.159 [*and 441.630*]:

(1) "Appropriate living arrangement" means any arrangement for an elderly person or a person with a disability in a residential setting which is appropriate for the person considering, in order of priority, the following criteria:

- (a) The desires and goals of the person;
- (b) The right of the person to live as independently as possible, in the least restrictive environment; and
- (c) The cost of the living arrangement compared to other types of living arrangements, based on the criteria in paragraphs (a) and (b) of this subsection.

(2) "Area agency" means:

- (a) An established or proposed type A or type B Area Agency on Aging within a planning and service area designated under Section 305 of the Older Americans Act; or
- (b) Any public or nonprofit private agency which is designated as a type A or type B Area Agency on Aging under Section 305 of the Older Americans Act.

(3) "Area agency board" means the local policy-making board which directs the actions of the area agency within state and federal laws and regulations.

(4) "Department" means the Department of Human Services.

(5) "Elderly person" means a person who is served by a type A area agency or type B area agency or by the department and who is 60 years of age or older.

(6) "Local government" means a political subdivision of the state whose authority is general or a combination of units of general purpose local governments.

(7) "Person with a disability" means a person with a physical or mental disability:

- (a) Who is eligible for Supplemental Security Income or for general assistance; and
- (b) Who meets one of the following criteria:

(A) Has [*mental retardation or*] a developmental disability or is mentally or emotionally disturbed, and resides in or needs placement in a residential program administered by the department.

(B) Is an alcohol or drug abuser and resides in or needs placement in a residential program administered by the department.

(C) Has a physical or mental disability other than those described in subparagraphs (A) and (B) of this paragraph.

(8) "Preadmission screening" means a professional program within the department or type B area agencies, with staff that includes registered nurses and social workers, that assesses the needs of clients and recommends appropriate placements in residential programs administered by the department or type B area agencies.

(9) "Protective services" means a service to be provided by the department directly or through type B area agencies, in response to the need for protection from harm or neglect to elderly persons

1 and persons with disabilities.

2 (10) "Title XIX" means long term care and health services programs *[in]* **funded by** Title XIX  
3 of the Social Security Act available to elderly persons and persons with disabilities.

4 (11) "Type A area agency" means an area agency:

5 (a) For which either the local government or the area agency board does not agree to accept  
6 local administrative responsibility for Title XIX; and

7 (b) That provides a service to elderly persons.

8 (12) "Type B area agency" means an area agency:

9 (a) For which the local government agrees to accept local administrative responsibility for Title  
10 XIX;

11 (b) That provides a service to elderly persons or to elderly persons and persons with disabilities  
12 who require services similar to those required by elderly persons; and

13 (c) That uses the term "disabled services" or "disability services" in its title to communicate the  
14 fact that it provides services to both populations described in paragraph (b) of this subsection.

15 **SECTION 83.** ORS 410.075 is amended to read:

16 410.075. The Department of Human Services **or the Oregon Health Authority** may take title  
17 to real and personal property in performing its duties under ORS 411.630, 411.708, 411.795, 416.310  
18 and 416.350. Title shall be taken in the name of the department **or the authority**. The department  
19 **or the authority** may convey the property by deed or other appropriate conveyance under proce-  
20 dures adopted by rule of the department **or the authority**.

21 **SECTION 84.** ORS 410.080 is amended to read:

22 410.080. (1) The Department of Human Services is the designated single state agency for all  
23 federal programs under ORS 409.010[,] **and** 410.040 to [410.320, 411.159 and 441.630] **410.300 except**  
24 **that the Oregon Health Authority is the single state agency responsible for supervising the**  
25 **administration of all programs funded by Title XIX or Title XXI of the Social Security Act**  
26 **as provided in ORS 413.032 (1)(j).**

27 (2) Except as provided in ORS 410.070 (2)(d) and 410.100, the administration of services to clients  
28 under ORS [409.010,] 410.040 to [410.320, 411.159 and 441.630] **410.300** shall be through area agencies,  
29 and shall comply with all applicable federal regulations.

30 **SECTION 85.** ORS 410.160 is amended to read:

31 410.160. Nothing in ORS 409.010[,] **and** 410.040 to [410.320, 411.159 and 441.630] **410.300** extends  
32 estate claims requirements and procedures related to certain Title XIX services under current  
33 Oregon statutes and federal regulations to other services.

34 **SECTION 86.** ORS 410.230 is amended to read:

35 410.230. Nothing in ORS 409.010[,] **and** 410.040 to [410.320, 411.159 and 441.630] **410.300** requires  
36 an area agency or local governmental unit to expend local funds for the purpose of maintaining or  
37 expanding services to elderly persons and persons with disabilities.

38 **SECTION 87.** ORS 410.240 is amended to read:

39 410.240. On and after October 1, 1981, a type A area agency shall operate in the same manner  
40 as it operated with local administrative responsibility for Title III of the Older Americans Act and  
41 Oregon Project Independence before October 1, 1981. Nothing in ORS 409.010[,] **and** 410.040 to  
42 [410.320, 411.159 and 441.630] **410.300** requires a type A area agency to become a type B area  
43 agency.

44 **SECTION 88.** ORS 410.300 is amended to read:

45 410.300. (1) A type B area agency may contract with the Department of Human Services for

1 services of state employees or have such employees transferred to employment by the area agency  
2 by transfer agreement.

3 (2) State employees whose services have been contracted to a type B area agency shall be  
4 supervised for program purposes by the area agency.

5 (3) If state employees are transferred to a type B area agency, the provisions of ORS 236.610 to  
6 236.640 shall apply.

7 (4) Prior to transfer of any state employee to any other public employer under ORS [409.010,  
8 410.040 to [410.320, 411.159 and 441.630] **410.300**, at a date to be determined by the Director of Hu-  
9 man Services, each type B area agency shall prepare a plan in coordination with local staff of the  
10 department for implementation of ORS [409.010,] 410.040 to [410.320, 411.159 and 441.630] **410.300**.  
11 The plan shall show how statutory responsibilities are to be met and how all staff are to be utilized.

12 **SECTION 89.** ORS 410.720 is amended to read:

13 410.720. (1) It is the policy of this state to provide mental health and addiction services for all  
14 Oregon senior citizens and persons with disabilities through a comprehensive and coordinated  
15 statewide network of local mental health services and alcohol and drug abuse education and treat-  
16 ment. These services should involve family and friends and be provided in the least restrictive and  
17 most appropriate settings.

18 (2) The Department of Human Services **and the Oregon Health Authority** shall facilitate the  
19 formation of local community partnerships between the senior, disability, mental health, alcohol and  
20 drug abuse and health care communities by supporting the development of program approaches in-  
21 cluding, but not limited to:

22 (a) Mental health and addiction screenings and assessments in long term care settings;

23 (b) Outreach services to seniors and persons with disabilities in their homes, including  
24 gatekeeper programs, neighborhood programs and programs designed for rural communities;

25 (c) Multilingual and multicultural medical and psychiatric services for ethnic minorities with  
26 physical disabilities and hearing impairments;

27 (d) Education and training for health care consumers, health care professionals and mental  
28 health and addiction services providers on mental health and addiction issues, programs and ser-  
29 vices for seniors and persons with disabilities; and

30 (e) Education and consultation services for primary care physicians treating seniors and persons  
31 with disabilities.

32 (3) In carrying out the provisions of subsections (1) and (2) of this section, the department **and**  
33 **the authority** shall:

34 (a) Develop plans for service coordination within the department **and the authority**;

35 (b) Recommend budget provisions for the delivery of needed services offered by the department  
36 **and the authority**; and

37 (c) Develop plans for expanding mental health and addiction services for seniors and persons  
38 with disabilities to meet the increasing demand.

39 **SECTION 90.** ORS 411.010 is amended to read:

40 411.010. As used in this chapter and in other statutes providing for assistance and services to  
41 needy persons, unless the context or a specially applicable statutory definition requires otherwise:

42 [(1) "Department" means the Department of Human Services.]

43 [(2)] (1) "General assistance" means assistance or service of any character provided to needy  
44 persons not otherwise provided for to the extent of such need and the availability of funds, including  
45 medical, surgical and hospital or other remedial care.

1 [(3)] (2) "Public assistance" means the following types of assistance:

2 (a) Temporary assistance for needy families granted under ORS 412.001 to 412.069 and 418.647;

3 (b) General assistance granted under ORS 411.710 to 411.730;

4 (c) Medical assistance;

5 (d) Assistance provided by the Oregon Supplemental Income Program;

6 (e) General assistance other than general assistance granted under ORS 411.710 to 411.730; and

7 (f) Any other functions, **except the administration of medical assistance by the Oregon**  
8 **Health Authority**, that may be delegated to the Director of Human Services by or in accordance  
9 with federal and state laws.

10 **SECTION 91.** ORS 411.060 is amended to read:

11 411.060. Subject to ORS 417.300 and 417.305, the Department of Human Services shall[:]

12 [(1) *Administer and supervise all public assistance programs;*]

13 [(2) *Determine eligibility for all public assistance programs; and*]

14 [(3)] adopt and enforce rules necessary to ensure full compliance with federal and state laws  
15 relating to public assistance [*programs*] **program functions administered by the department.**

16 **SECTION 92.** ORS 411.070 is amended to read:

17 411.070. (1) The **Oregon Health Authority and the** Department of Human Services shall **adopt**  
18 by rule [*fix*] statewide uniform standards for all public assistance programs and **shall** effect uniform  
19 observance [*thereof*] **of the rules** throughout the state.

20 (2) In establishing **uniform** statewide standards for public assistance, the department **and the**  
21 **authority**, within the limits of available funds, shall:

22 [(1)] (a) Take into consideration all basic requirements for a standard of living compatible with  
23 decency and health, including food, shelter, clothing, fuel, public utilities, telecommunications ser-  
24 vice, medical care and other essential items and, upon the basis of investigations of the facts, shall  
25 provide budgetary guides for determining minimum costs of meeting such requirements.

26 [(2)] (b) Develop standards for making payments and providing support services in the job op-  
27 portunity and basic skills program described in ORS 412.006.

28 **SECTION 93.** ORS 411.072 is amended to read:

29 411.072. (1) As used in this section "policy change" includes any change in the operation of  
30 public assistance programs that affects recipients adversely in any substantial manner, including but  
31 not limited to the denial, reduction, modification or delay of benefits. "Policy change" does not in-  
32 clude any procedural change that affects internal management but does not adversely and substan-  
33 tially affect the interest of public assistance recipients.

34 (2) The Department of Human Services may submit applications for waiver of federal statutory  
35 or regulatory requirements to the federal government or any agency thereof. [*Following*] **Prior to**  
36 the submission of any application for waiver that involves a policy change, and prior to implemen-  
37 tation, the department shall do the following:

38 (a) Conduct a [*hearing in accordance with ORS chapter 183*] **public process** regarding the waiver  
39 application or application for waiver renewals [*and the proposed rules*];

40 (b) Prepare a complete summary of the testimony and written comments received [*at the*  
41 *hearing*] **during the public process**;

42 (c) Submit the application for waiver or application for waiver renewals involving a policy  
43 change to the legislative review agency, as [*defined*] **described** in ORS 291.375, and present the  
44 summary of testimony and comments described in this section; and

45 (d) Give notice of the date of its appearance before the Emergency Board or the Joint Commit-

tee on Ways and Means in accordance with ORS 183.335, and before the Family Services Review Commission.

**SECTION 94.** (1) As used in this section, “policy change” includes any change in the operation of medical assistance programs that affects recipients adversely in any substantial manner, including but not limited to the denial, reduction, modification or delay of benefits. “Policy change” does not include any procedural change that affects internal management but does not adversely and substantially affect the interest of medical assistance recipients.

(2) The Oregon Health Authority may submit applications for waiver of federal statutory or regulatory requirements to the federal government or any agency of the federal government. Prior to the submission of any application for waiver that involves a policy change, and prior to implementation, the authority shall do the following:

(a) Conduct a public process regarding the application for waiver or application for waiver renewals;

(b) Prepare a complete summary of the testimony and written comments received during the public process;

(c) Submit the application for waiver or application for waiver renewals involving a policy change to the legislative review agency, as described in ORS 291.375, and present the summary of testimony and comments described in this section; and

(d) Give notice of the date of the authority’s appearance before the Emergency Board or the Joint Committee on Ways and Means in accordance with ORS 183.335, and before the Medicaid Advisory Committee.

**SECTION 95.** ORS 411.081 is amended to read:

411.081. (1) A person seeking public assistance shall file an application for public assistance with the Department of Human Services. At the time of application, the applicant shall declare to the department any circumstance that directly affects the applicant’s eligibility to receive assistance or the amount of assistance available to the applicant. Upon the receipt of property or income or upon any other change in circumstances that directly affects the eligibility of the recipient to receive assistance or the amount of assistance available to the recipient, the applicant, recipient or other person in the assistance household shall immediately notify the department of the receipt or possession of such property or income, or other change in circumstances. The department shall recover from the recipient the amount of assistance improperly disbursed by reason of failure to comply with the provision of this section.

(2) The department may recover any cash assistance granted for general assistance under ORS 411.710 to 411.730 and the recipient’s portion of the aid described in ORS 412.014 (3) that has been paid to any recipient 18 years of age or older, and for the costs incurred by the department to provide representation to the recipient under ORS 412.014 (2), when the recipient is presently receiving or subsequently receives Supplemental Security Income. The amount of recovery shall be limited to the total amount of Supplemental Security Income that was received for the same time period that the general assistance or the aid received under ORS 412.014 was being paid.

(3) Nothing in subsection (1) or (2) of this section shall be construed as to prevent the department or the Oregon Health Authority from entering into a compromise agreement for recovery of assistance improperly disbursed, if the department or the authority determines that the administration and collection costs involved would exceed the amount that can reasonably be expected to be recovered.

**SECTION 96.** ORS 411.083 is amended to read:

1       411.083. (1) **The Department of Human Services, in consultation with the Oregon Health**  
 2 **Authority, may prescribe by rule that income and resources may be disregarded** in the de-  
 3 termination of eligibility and the amount of need with respect to a recipient **of** or applicant **[of] for**  
 4 public assistance under ORS 411.706 and ORS chapter 414, *[the Department of Human Services may*  
 5 *disregard such amounts of income and resources as are]* **if** required by federal law or rules adopted  
 6 pursuant thereto or *[as are]* **if** authorized by the Legislative Assembly, including the following:

7       (a) Any elderly rental assistance payments provided by ORS 310.635 or refunds in lieu of such  
 8 relief shall be disregarded in determining eligibility and need.

9       (b) Any increase in the amount of assistance that is authorized by section 4, Public Law 93-233  
 10 (87 Stat. 953) and which is also being paid on March 5, 1974, shall be disregarded in determining  
 11 eligibility and need.

12       **(2) The department, in consultation with the authority, shall prescribe by rule that in the**  
 13 **determination of eligibility and the amount of need with respect to a recipient of or applicant**  
 14 **for public assistance under ORS 411.706 and ORS chapter 414:**

15       [(2)] (a) Any increase in the amount of assistance provided under Title XVI of the Social Secu-  
 16 rity Act to meet changes in the cost of living that is an increase over that amount being paid on  
 17 January 1, 1977, pursuant to an Act of Congress and which will first be paid after January 1, 1977,  
 18 shall be disregarded *[in determining eligibility and need]*.

19       [(3)] (b) *[When considering an application for public assistance, the department shall exempt from*  
 20 *consideration as a resource]* Up to \$10,000 equity value of any licensed and unlicensed vehicles  
 21 owned by the applicant or recipient **is exempt from consideration as a resource**.

22       [(4)] (3) The department shall implement subsection [(3)] (2)(b) of this section statewide to the  
 23 extent possible that is consistent with federal regulation to maintain state eligibility for federal  
 24 participation in public assistance programs. In the event the department determines that this policy  
 25 has a net fiscal cost to the state, the department shall present the fiscal analysis to the Emergency  
 26 Board for additional funding or direction to modify or suspend the policy.

27       **SECTION 97.** ORS 411.087 is amended to read:

28       411.087. (1) Every person 18 years of age or over who applies for or receives any type of general  
 29 assistance or public assistance, as defined in ORS 411.010, whether the general assistance or public  
 30 assistance is applied for or received for the benefit of the person or of another individual, shall ex-  
 31 ecute to the Department of Human Services at the time of making the application, and at such times  
 32 as may be required by the department *[in any case]* **or by the Oregon Health Authority by rule**,  
 33 written statements relating to each individual for whose benefit the general assistance or public  
 34 assistance is applied for or received, and to any person who has a duty to support the individual,  
 35 or to whom the individual owes a duty of support. The statements must include, but need not be  
 36 limited to, as much of the following information, relating to each individual or other person, as may  
 37 be specified or required by the department **or the authority**:

38       (a) The name of the individual, address, date and place of birth, residence, family relationships,  
 39 and the composition of the household in which the individual lives;

40       (b) The financial circumstances of the individual and means of and ability for support of the  
 41 individual and other individuals, including but not limited to information concerning:

42       (A) The employment of the individual and the nature and amount of the income of the individual,  
 43 from whatever source derived;

44       (B) The tangible and intangible assets of the individual, property and resources of any nature  
 45 including, but not limited to, money, real and personal property, rights and expectancies as an heir,

1 devisee, legatee, trustee or cestui que trust, and any rights, benefits, claims or choses in action,  
2 whether arising in tort or based upon statute, contract or judgment; and

3 (C) Other information as may be required **by the department or the authority** pursuant to  
4 state or federal laws applicable to general assistance or public assistance.

5 (2) All applications for general assistance or public assistance and all statements referred to in  
6 subsection (1) of this section shall be upon forms prescribed and furnished by the department **or the**  
7 **authority**. Each statement shall be subscribed by each individual who executes or joins in the ex-  
8 ecution of the statement.

9 (3) The spouse of any individual who applies for or receives general assistance or public assist-  
10 ance may be required by the department **or the authority** to join in the execution of, or separately  
11 to execute, any statement referred to in subsection (1) of this section, under oath or affirmation,  
12 except during any period in which it appears to the department **or the authority** that:

13 (a) The individual and the spouse of the individual are estranged and are living apart;

14 (b) The spouse is absent from this state or the whereabouts of the spouse is unknown; or

15 (c) The spouse is physically or mentally incapable of executing the statement or of providing  
16 any information referred to in subsection (1) of this section.

17 **SECTION 98.** ORS 411.103 is amended to read:

18 411.103. (1) The Department of Human Services may serve a notice described in ORS 183.415 by  
19 regular mail **or by electronic mail if requested by the recipient of the notice**. The legal  
20 presumption described in ORS 40.135 (1)(q) does not apply to a notice that is served by regular mail  
21 under this section.

22 (2) Except as provided in subsection (3) of this section, a contested case notice served in ac-  
23 cordance with subsection (1) of this section that complies with ORS 183.415 but for service by reg-  
24 ular **or electronic** mail becomes a final order against a party and is not subject to ORS 183.470 (2),  
25 upon the earlier of the following:

26 (a) If the party fails to request a hearing, the day after the date prescribed in the notice as the  
27 deadline for requesting a hearing.

28 (b) The date the department or the Office of Administrative Hearings mails an order dismissing  
29 a hearing request because:

30 (A) The party withdraws the request for hearing; or

31 (B) Neither the party nor the party's representative appears on the date and at the time set for  
32 hearing.

33 (3) The department shall prescribe by rule a period of not less than 60 days after a notice be-  
34 comes a final order under subsection (2) of this section within which a party may request a hearing  
35 under this subsection. If a party requests a hearing within the period prescribed under this sub-  
36 section, the department shall do one of the following:

37 (a) If the department finds that the party did not receive the written notice and did not have  
38 actual knowledge of the notice, refer the request for hearing to the Office of Administrative  
39 Hearings for a contested case proceeding on the merits of the department's intended action de-  
40 scribed in the notice.

41 (b) Refer the request for hearing to the Office of Administrative Hearings for a contested case  
42 proceeding to determine whether the party received the written notice or had actual knowledge of  
43 the notice. The department must show that the party had actual knowledge of the notice or that the  
44 department mailed the notice to the party's correct address **or sent an electronic notice to the**  
45 **party's correct electronic mail address**.

(4) If a party informs the department that the party did not receive a notice served by regular or electronic mail in accordance with subsection (1) of this section, the department shall advise the party of the right to request a hearing under subsection (3) of this section.

**SECTION 99.** ORS 411.300 is amended to read:

411.300. (1) The Department of Human Services shall *[make]* **adopt** and enforce *[reasonable rules and regulations]* **rules** governing the custody, use and preservation of the records, papers, files and communications of the department **in accordance with applicable privacy laws**. The use of *[such]* **the** records, papers, files and communications *[by any other agency or department of government or person to which they may be furnished shall be]* **is** limited to the purposes for which they are furnished and by the provisions of the law under which they may be furnished.

*[(2) No rules or regulations shall be made or administrative practice followed by the Department of Human Services pursuant to subsection (1) of this section that would interfere with the purposes of ORS 411.060, 411.078, 411.320 and 411.335.]*

**(2) The records, papers, files and communications of the department may be maintained in a single or combined data system accessible to the department and to the Oregon Health Authority for the administration of public assistance programs and for the coordination of functions shared by the department and the authority.**

**SECTION 100.** ORS 411.320 is amended to read:

411.320. (1) For the protection of applicants for and recipients of public assistance, except as otherwise provided in this section, the Department of Human Services *[shall]* **may** not disclose or use the contents of any public assistance records, files, papers or communications for purposes other than those directly connected with the administration of the public assistance *[laws of Oregon]* **programs** or *[as]* necessary to assist public assistance applicants and recipients in accessing and receiving other governmental or private nonprofit services, and these records, files, papers and communications are considered confidential subject to the rules *[and regulations]* of the department *[of Human Services]*. In any judicial or administrative proceeding, except proceedings directly connected with the administration of public assistance or child support enforcement laws, their contents are considered privileged communications.

(2) Nothing in this section prohibits the disclosure or use of contents of records, files, papers or communications for purposes directly connected with the establishment and enforcement of support obligations pursuant to the Title IV-D program.

(3) Nothing in this section prohibits the disclosure of the address, Social Security number and photograph of any applicant or recipient to a law enforcement *[official]* **officer** at the request of *[such official]* **the officer**. To receive information pursuant to this section, the officer must furnish the agency the name of the applicant or recipient and advise that the applicant or recipient:

(a) Is fleeing to avoid prosecution, custody or confinement after conviction for a felony;

(b) Is violating a condition of probation or parole; or

(c) Has information that is necessary for the officer to conduct the official duties of the officer and the location or apprehension of the applicant or recipient is within such official duties.

**(4) Nothing in this section prohibits disclosure of information between the department and the Oregon Health Authority for the purpose of administering public assistance programs.**

**SECTION 101.** ORS 411.400, as amended by section 3, chapter 73, Oregon Laws 2010, is amended to read:

411.400. (1) Application for any category of aid shall also constitute application for medical as-

1 assistance.

2 (2) Except as otherwise provided in this section, a person shall request medical assistance by  
3 filing an application as provided in ORS 411.081.

4 (3) The Department of Human Services shall determine eligibility for and fix the date on which  
5 medical assistance may begin, and shall obtain such other information required by the rules of the  
6 department **and the Oregon Health Authority under ORS 411.402.**

7 (4) If an applicant is unable to make application for medical assistance, an application may be  
8 made by someone acting responsibly for the applicant.

9 (5) The department may modify the application requirements in ORS 411.081 for a person whose  
10 basis of eligibility for medical assistance changes from one category of aid to another category of  
11 aid under ORS 414.025 (2).

12 **SECTION 102.** ORS 411.402, as amended by section 4, chapter 73, Oregon Laws 2010, is  
13 amended to read:

14 411.402. *[For each person applying for medical assistance, the Department of Human Services shall*  
15 *fully document:]*

16 (1) **The Department of Human Services and the Oregon Health Authority shall adopt by**  
17 **rule the documentation required from each person applying for medical assistance, including**  
18 **documentation of:**

19 (a) **The identity of the person;**

20 *[(1)] (b) The category of aid [as defined in ORS 414.025] that makes the person eligible for*  
21 *medical assistance or the way in which the person qualifies as categorically needy [as defined in*  
22 *ORS 414.025];*

23 *[(2)] (c) The status of the person as a resident of this state; and*

24 *[(3)] (d) Information concerning the income and resources of the person, which may include*  
25 **income tax return information and Social Security number**, as necessary to establish financial  
26 eligibility~~].~~ **for medical assistance, premium tax credits and cost-sharing reductions.**

27 (2) **Information obtained by the department or the authority under this section may be**  
28 **exchanged with other state or federal agencies for the purpose of:**

29 (a) **Verifying eligibility for medical assistance, participation in the Oregon Health Insur-**  
30 **ance Exchange or other health benefit programs;**

31 (b) **Establishing the amount of any tax credit due to the person, cost-sharing reduction**  
32 **or premium assistance;**

33 (c) **Improving the provision of services; and**

34 (d) **Administering health benefit programs.**

35 **SECTION 103.** ORS 411.404 is amended to read:

36 411.404. (1) The Department of Human Services shall determine eligibility for medical assistance  
37 according to criteria prescribed by rule~~, taking into account~~ **in consultation with the Oregon**  
38 **Health Authority that take into account:**

39 (a) The requirements and needs of the applicant and of the spouse and dependents of the appli-  
40 cant;

41 (b) The income, resources and maintenance available to the applicant; and

42 (c) The responsibility of the spouse of the applicant and, with respect to an applicant who is  
43 blind or is permanently and totally disabled or is under 21 years of age, the responsibility of the  
44 parents.

45 (2) Rules adopted by the department under subsection (1) of this section:

(a) Shall disregard resources for those who are eligible for medical assistance only by reason of ORS 414.025 (2)(s), except for the resources described in ORS 414.025 (2)(s).

(b) May disregard income and resources within the limits required or permitted by federal law, regulations or orders.

[(3)] (c) [The department] May not require any needy person over 65 years of age, as a condition of entering or remaining in a hospital, nursing home or other congregate care facility, to sell any real property normally used as [such] **the** person's home. [Any rule of the department inconsistent with this section is to that extent invalid.]

**(3) Notwithstanding subsections (1) and (2) of this section, the authority may adopt rules necessary to implement the Health Care for All Oregon Children program established by ORS 414.231 or applicable provisions of federal law.**

**SECTION 104.** ORS 411.406 is amended to read:

411.406. Upon the receipt of property or income or upon any other change in circumstances which directly affects the eligibility of the recipient to receive medical assistance or the amount of medical assistance available to the recipient, the recipient shall immediately notify the Department of Human Services **or the Oregon Health Authority, if required,** of the receipt or possession of such property or income, or other change in circumstances. Failure to give the notice shall entitle the department [of Human Services] **or the authority** to recover from the recipient the amount of assistance improperly disbursed by reason thereof.

**SECTION 105.** ORS 411.408 is amended to read:

411.408. [Any individual whose claim for medical assistance is denied or is not acted upon with reasonable promptness may petition the Department of Human Services for a fair hearing.] **If the Oregon Health Authority or the Department of Human Services denies a claim for medical assistance or fails to act with reasonable promptness on a claim for medical assistance, the person making the claim may request a contested case hearing.** The hearing shall be held at a time and place and shall be conducted in accordance with [the] rules [of] **adopted by the authority or the department, as appropriate.**

**SECTION 106.** ORS 411.431 is amended to read:

411.431. (1) The Department of Human Services shall adopt rules **in consultation with the Oregon Health Authority:**

(a) Requiring recipients of medical assistance who are not otherwise exempt to pay monthly premium payments while receiving medical assistance; and

(b) Granting recipients of medical assistance under ORS 414.706 (5) who are required to pay monthly premium payments a grace period of up to six months for payment of overdue premiums.

(2) [The department may not disenroll] A recipient **may continue enrollment in medical assistance** during the grace period described in subsection (1)(b) of this section.

(3) A recipient or former recipient of medical assistance under ORS 414.706 (5) who did not pay one or more monthly premium payments while receiving medical assistance is not eligible [to reapply] for medical assistance under ORS 414.706 (5) until the recipient or former recipient has paid the amount of overdue premiums in full.

**SECTION 107.** ORS 411.432 is amended to read:

411.432. (1) As used in this section, "federal poverty guidelines" means the most recent poverty guidelines as published annually in the Federal Register by the United States Department of Health and Human Services.

(2) Notwithstanding ORS [414.065] **411.431**, the Department of Human Services shall adopt rules

1 **in collaboration with the Oregon Health Authority** exempting recipients of medical assistance  
 2 under ORS 414.706 (5) whose family income is no more than 10 percent of the federal poverty  
 3 guidelines from the requirement to pay monthly premium payments.

4 **SECTION 108.** ORS 411.435 is amended to read:

5 411.435. The Oregon Health Authority **and the Department of Human Services** shall endeavor  
 6 to develop agreements with local governments to facilitate the enrollment of [*poverty level*] medical  
 7 assistance program clients. Subject to the availability of funds therefor, the agreement shall be  
 8 structured to allow flexibility by the state and local governments and may allow any of the following  
 9 options for enrolling clients in [*poverty level*] medical assistance programs:

10 (1) Initial processing shall be done at the county health department by employees of the county,  
 11 with eligibility determination completed at the local office of the [*authority*] **Department of Human**  
 12 **Services;**

13 (2) Initial processing and eligibility determination shall be done at the county health department  
 14 by employees of the local health department; or

15 (3) Application forms shall be made available at the county health department with initial pro-  
 16 cessing and eligibility determination shall be done at the local office of the [*authority*] **Department**  
 17 **of Human Services.**

18 **SECTION 109.** ORS 411.439 is amended to read:

19 411.439. (1) As used in this section:

20 (a) "Person with a serious mental illness" means a person who is diagnosed by a psychiatrist,  
 21 a licensed clinical psychologist or a certified nonmedical examiner as having dementia,  
 22 schizophrenia, bipolar disorder, major depression or other affective disorder or psychotic mental  
 23 disorder other than a disorder caused primarily by substance abuse.

24 (b) "Public institution" means:

25 (A) A state hospital as defined in ORS 162.135;

26 (B) A local correctional facility as defined in ORS 169.005;

27 (C) A Department of Corrections institution as defined in ORS 421.005; or

28 (D) A youth correction facility as defined in ORS 162.135.

29 (2) Except as provided in subsections (6) and (7) of this section, the Department of Human Ser-  
 30 vices shall suspend the medical assistance of a person with a serious mental illness when:

31 (a) The person receives medical assistance because of a serious mental illness; and

32 (b) The person becomes an inmate residing in a public institution.

33 (3) The department shall continue to determine the eligibility of the person as categorically  
 34 needy [*as defined in ORS 414.025*].

35 (4) Upon notification that a person described in subsection (2) of this section is no longer an  
 36 inmate residing in a public institution, the department shall reinstate the person's medical assistance  
 37 if the person is otherwise eligible for medical assistance.

38 (5) This section does not extend eligibility to an otherwise ineligible person or extend medical  
 39 assistance to a person if matching federal funds are not available to pay for medical assistance.

40 (6) Subsection (2) of this section does not apply to a person with a serious mental illness residing  
 41 in a state hospital as defined in ORS 162.135 who is under 22 years of age or who is 65 years of age  
 42 or older.

43 (7) A person with a serious mental illness may apply for medical assistance between 90 and 120  
 44 days prior to the expected date of the person's release from a public institution. If the person is  
 45 found to be eligible, the effective date of the person's medical assistance shall be the date of the

1 person's release from the institution.

2 **SECTION 110.** ORS 411.443 is amended to read:

3 411.443. (1) When a woman who is enrolled in medical assistance as a pregnant woman becomes  
4 an inmate residing in a public institution, the Department of Human Services shall suspend medical  
5 assistance.

6 (2) The department shall continue to determine the eligibility of the pregnant woman as  
7 categorically needy [*as defined in ORS 414.025*].

8 (3) Upon notification that a pregnant woman described under subsection (1) of this section is  
9 no longer an inmate residing in a public institution, the department shall reinstate medical assist-  
10 ance if the woman is otherwise eligible for medical assistance.

11 **SECTION 111.** ORS 411.459 is amended to read:

12 411.459. The Oregon Health Authority **and the Department of Human Services** shall approve  
13 or deny prior authorization requests for dental services not later than 30 days after submission  
14 thereof by the provider, and shall make payments to providers of prior authorized dental services  
15 not later than 30 days after receipt of the invoice of the provider.

16 **SECTION 112.** ORS 411.463 is amended to read:

17 411.463. When giving information concerning medical assistance, the Oregon Health Authority  
18 **and the Department of Human Services** shall make available to applicants or recipients materials  
19 which include at least a listing of all the healing arts licensed in this state.

20 **SECTION 113.** ORS 411.593 is amended to read:

21 411.593. (1) In connection with any public assistance investigation or hearing, the Director of  
22 Human Services, **the Director of the Oregon Health Authority** or any examiner, referee or other  
23 officer duly appointed to conduct the investigation or hearing may by subpoena compel the attend-  
24 ance and testimony of witnesses and the production of books, accounts, documents and other papers,  
25 and may administer oaths, take depositions and fix the fees and mileage of witnesses.

26 (2) The Department of Human Services **and the Oregon Health Authority** shall provide for  
27 defraying the expenses of such investigations or hearings, which may be held in any part of the  
28 state.

29 **SECTION 114.** ORS 411.610 is amended to read:

30 411.610. Any check or warrant issued by the Department of Human Services **or the Oregon**  
31 **Health Authority** to a recipient of public assistance who subsequently dies may be indorsed in the  
32 name of the deceased by the surviving spouse or a next of kin in the order described in ORS 293.490  
33 (3); and payment may be made and the proceeds used without any of the restrictions enumerated in  
34 ORS 293.495 (1).

35 **SECTION 115.** ORS 411.620 is amended to read:

36 411.620. (1) The Department of Human Services **or the Oregon Health Authority** may prose-  
37 cute a civil suit or action against any person who has obtained, for personal benefit or for the  
38 benefit of any other person, any amount or type of general assistance or public assistance[, *as de-*  
39 *defined in ORS 411.010,*] or has aided any other person to obtain such general assistance or public  
40 assistance, in violation of any provision of ORS 411.630, or in violation of ORS 411.640. In such suit  
41 or action the department **or the authority** may recover the amount or value of such general as-  
42 sistance or public assistance so obtained in violation of ORS 411.630, or in violation of ORS 411.640,  
43 with interest thereon, together with costs and disbursements incurred therein.

44 (2) Excepting as to bona fide purchasers for value, the department, the [*Oregon Health*] author-  
45 ity, the conservator for the recipient or the personal representative of the estate of a deceased re-

1 cipient may prosecute a civil suit or action to set aside the transfer, gift or other disposition of any  
 2 money or property made in violation of any provisions of ORS 411.630, 411.708 and 416.350 and the  
 3 department or the authority may recover out of such money or property, or otherwise, the amount  
 4 or value of any general assistance or public assistance obtained as a result of such violation, with  
 5 interest thereon, together with costs and disbursements incurred therein.

6 **SECTION 116.** ORS 411.630 is amended to read:

7 411.630. (1) [No] A person [shall] **may not** knowingly obtain or attempt to obtain, for the benefit  
 8 of the person or of [any other] **another** person, any public assistance[, as defined in ORS 411.010,]  
 9 to which the person or [such] other person is not entitled under state law by means of:

10 (a) Any false representation or fraudulent device, or

11 (b) Failure to immediately notify the Department of Human Services **or the Oregon Health**  
 12 **Authority, if required,** of the receipt or possession of property or income, or of any other change  
 13 of circumstances, which directly affects the eligibility for, or the amount of, [such] **the** assistance.

14 (2) [No] A person [shall] **may not** transfer, conceal or dispose of any money or property with  
 15 the intent:

16 (a) To enable the person to meet or appear to meet any requirement of eligibility prescribed by  
 17 state law or by rule [or regulation promulgated by] **of** the department [for a grant or an increase in  
 18 a grant of] **or the authority for** any type of general assistance or public assistance[, as defined in  
 19 ORS 411.010]; or

20 (b) Except as to a conveyance by [such] **the** person to create a tenancy by the entirety, to  
 21 hinder or prevent the department **or the authority** from recovering any part of any claim [which]  
 22 it may have against the person or the estate of the person.

23 (3) [No] A person [shall] **may not** knowingly aid or abet any person to violate any provision of  
 24 this section.

25 (4) [No] A person [shall] **may not** receive, possess or conceal any money or property of an ap-  
 26 plicant for or recipient of any type of general assistance or public assistance[, as defined in ORS  
 27 411.010,] with the intent to enable [such] **the** applicant or recipient to meet or appear to meet any  
 28 requirement of eligibility referred to in subsection (2)(a) of this section or, except as to a conveyance  
 29 by [such] **the** applicant or recipient to create a tenancy by the entirety, with the intent to hinder  
 30 or prevent the department **or the authority** from recovering any part of any claim [which] it may  
 31 have against [such] **the** applicant or recipient or the estate of the applicant or recipient.

32 **SECTION 117.** ORS 411.632 is amended to read:

33 411.632. If it reasonably appears that a [customer who is a] recipient of public assistance has  
 34 assets in excess of those allowed to a recipient of such assistance under applicable federal and state  
 35 statutes, **rules** and regulations, and it reasonably appears that such assets may be transferred, re-  
 36 moved, secreted or otherwise disposed, then the Department of Human Services **or the Oregon**  
 37 **Health Authority** may seek appropriate relief under ORCP 83 and 84[,] or any other provision of  
 38 law, but only to the extent of the liability. The state shall not be required to post a bond in seeking  
 39 the relief.

40 **SECTION 118.** ORS 411.635 is amended to read:

41 411.635. (1) Public assistance improperly disbursed as a result of recipient conduct that is not  
 42 in violation of ORS 411.630 may be recouped pursuant to ORS 293.250 **by the Oregon Health Au-**  
 43 **thority or the Department of Human Services.**

44 (2) [or] **The department may also recoup public assistance improperly disbursed** from  
 45 earnings that the state disregards pursuant to ORS 411.083 and 412.009 as follows:

1        [(1)] (a) The department [of Human Services] shall notify the recipient that the recipient may  
 2        elect to limit the recoupment monthly to an amount equal to one-half the amount of disregarded  
 3        earnings by granting the department a confession of judgment for the amount of the overpayment.

4        [(2)] (b) If the recipient does not elect to grant the confession of judgment within 30 days the  
 5        department may recoup the overpayment from the entire amount of disregarded earnings. The re-  
 6        cipient may at any time thereafter elect to limit the monthly recoupment to one-half the disregarded  
 7        earnings by [granting the department] **entering into** a confession of judgment.

8        (3) The department shall not execute on a confession of judgment until the recipient is no longer  
 9        receiving public assistance and has either refused to agree to or has defaulted on a reasonable plan  
 10       to satisfy the judgment.

11       (4) [Nothing in this section limits the authority of the department by rule to exempt] **This section**  
 12       **does not prohibit the department from adopting rules to exempt** from recoupment any portion  
 13       of disregarded earnings.

14       **SECTION 119.** ORS 411.640 is amended to read:

15       411.640. A person has received an overpayment of public assistance, for purposes of ORS 411.703,  
 16       if the person has:

17       (1) Received, either for the benefit of the person or for the benefit of any other person, any  
 18       amount or type of general assistance or public assistance[, as defined in ORS 411.010,] to which the  
 19       person or [such] **the** other person is not entitled under state law;

20       (2) Spent lawfully received public assistance that was designated by the Department of Human  
 21       Services **or the Oregon Health Authority** for a specific purpose on an expense not approved by  
 22       the department **or the authority** and not considered a basic requirement under [standards adopted  
 23       by the department pursuant to] ORS 411.070 (2)(a);

24       (3) Misappropriated public assistance by cashing and retaining the proceeds of a check on which  
 25       the person is not the payee and the check has not been lawfully [endorsed] **indorsed** or assigned to  
 26       the person; or

27       (4) Failed to reimburse the department **or the authority**, when required by law, for public as-  
 28       sistance furnished for a need for which the person is compensated by another source.

29       **SECTION 120.** ORS 411.670 is amended to read:

30       411.670. As used in this section and ORS **411.640**, 411.675 and 411.690:

31       (1) "Claims for payment" includes bills, invoices, electronic transmissions and any other docu-  
 32       ment requesting money in compensation for or reimbursement of needs which have been furnished  
 33       to any public assistance recipient.

34       (2) "Need" means any type of care, service, commodity, shelter or living requirement.

35       (3) "Person" includes individuals, corporations, associations, firms, partnerships, governmental  
 36       subdivisions and agencies and public and private organizations of any character.

37       **SECTION 121.** ORS 411.675 is amended to read:

38       411.675. [No] **A** person [shall] **may not** obtain or attempt to obtain, for personal benefit or the  
 39       benefit of [any other] **another** person, [any] **a** payment for furnishing any need to or for the benefit  
 40       of [any] **a** public assistance recipient by knowingly:

41       (1) Submitting or causing to be submitted to the Department of Human Services **or the Oregon**  
 42       **Health Authority a** [any] false claim for payment;

43       (2) Submitting or causing to be submitted to the department **or the authority a** [any] claim for  
 44       payment [which] **that already** has been submitted for payment [already unless such] **unless the**  
 45       claim is clearly labeled as a duplicate;

(3) Submitting or causing to be submitted to the department **or the authority** a *[any]* claim for payment *[which]* **that** is a claim *[upon which payment has been made by the department or any other]* **that already has been paid by any** source unless clearly labeled as *[such]* **already paid**; or

(4) Accepting *[any]* a payment from the department *[for furnishing any need if the need upon which the payment is based has]* **or the authority for the costs of items or services that have** not been provided **to or for the benefit of a public assistance recipient**.

**SECTION 122.** ORS 411.690 is amended to read:

411.690. (1) *[Any]* **A** person who accepts from the Department of Human Services *[any payment made to such person]* **or the Oregon Health Authority a payment** for furnishing any need to or for the benefit of a public assistance recipient *[shall be]* **is** liable to refund or credit the amount of *[such]* **the** payment to the department **or the authority** if *[such]* **the** person has obtained or subsequently obtains from the recipient or from any source any additional payment *[received]* for furnishing the same need *[to or for the benefit of such recipient]*. However, the liability of *[such]* **the** person *[shall be]* **is** limited to the lesser of the following amounts:

(a) The amount of the payment *[so]* accepted from the department **or the authority**; or

(b) The amount by which the aggregate sum of all payments *[so]* accepted or received by *[such]* **the** person exceeds the maximum amount payable for *[such]* **the** need *[from public assistance funds]* under rules adopted by the department **or the authority**.

(2) Notwithstanding subsection (1) of this section, *[any]* **a** person who, after having been afforded an opportunity for a *[hearing pursuant to the portions of ORS chapter 183 relating to a contested case]* **contested case hearing pursuant to ORS chapter 183**, is found to *[violate]* **have violated** ORS 411.675 *[shall be]* **is** liable to the department **or the authority** for treble the amount of the payment received as a result of *[such]* **the** violation.

(3) The department **and the authority** may prosecute civil actions to recover moneys claimed due under this section and for costs and disbursements incurred in such actions.

**SECTION 123.** ORS 411.694 is amended to read:

411.694. (1) When an individual receives public assistance as defined in ORS 411.010 and the individual is the holder of record title to real property or the purchaser under a land sale contract, the Department of Human Services **or the Oregon Health Authority** may present to the county clerk for recordation in the deed and mortgage records of a county a request for notice of transfer or encumbrance of the real property.

(2) A title insurance company or agent shall provide the *[department]* **state agency that filed the request** with a notice of transfer or encumbrance as required by ORS 93.268.

(3) If the department *[has caused]* **or the authority has filed** a request for notice of transfer or encumbrance *[to be recorded]* **for recording** in the deed and mortgage records, the department **or the authority** shall *[present to the county clerk for recordation]* **file with the county clerk** a termination of request for notice of transfer or encumbrance when~~], in the judgment of the department,~~ it is no longer necessary or appropriate *[for the department]* to monitor transfers or encumbrances related to the real property.

(4) The department shall adopt by rule a form of the request for notice of transfer or encumbrance, the notice of transfer or encumbrance and the termination of request for notice of transfer or encumbrance that, at a minimum:

(a) Contains the name of the public assistance recipient, a *[departmental]* case identifier or other appropriate information that links the individual who is the holder of record title to real property or the purchaser under a land sale contract to the individual's public assistance records;

(b) Contains the legal description of the real property;

(c) Contains a mailing address for the department **or the authority** to receive the notice of transfer or encumbrance; and

(d) Complies with the requirements for recordation in ORS 205.232 and 205.234 for those forms intended to be recorded.

**(5) The authority shall use the forms adopted by the department under subsection (4) of this section and may designate the department to receive, on behalf of the authority, a notice of transfer or encumbrance provided in accordance with subsection (2) of this section.**

~~[(5)]~~ **(6)** The department **or the authority** shall pay the recordation fee required by the county clerk under ORS 205.320.

~~[(6)]~~ **(7)** The request for notice of transfer or encumbrance described in this section does not affect title to real property and is not a lien on, encumbrance of or other interest in the real property.

**SECTION 124.** ORS 411.703 is amended to read:

411.703. (1) If an overpayment of public assistance, including supplemental nutrition assistance **issued under ORS 411.806 to 411.845**, is not repaid within 30 days of the payment due date, after an individual has been afforded an opportunity for a contested case hearing under ORS chapter 183 relating to the overpayment, ~~[of public assistance, including supplemental nutrition assistance issued under ORS 411.806 to 411.845,]~~ the Department of Human Services **or the Oregon Health Authority** may:

(a) Issue a warrant that meets the requirements of ORS 205.125 for the overpayment; and

(b) Present a warrant issued under this section for recordation in the County Clerk Lien Record of the county clerk of any county in the state.

(2) The warrant must include the principal amount of the overpayment, interest accumulated pursuant to ORS 82.010 or other applicable law, costs associated with recording, indexing and serving the warrant and costs associated with an instrument evidencing satisfaction or release of the warrant.

(3) The department **or the authority** shall mail a copy of the warrant to the debtor at the last known address of the debtor.

(4) Upon receipt of the warrant for recordation, the county clerk shall record the warrant in the manner provided in ORS 205.125.

(5) Upon issuance of the warrant, the department **or the authority** may issue a notice of garnishment in accordance with ORS 18.854.

(6) Upon recording, the warrant:

(a) Has the effect described in ORS 205.125 and 205.126; and

(b) May be enforced as provided in ORS 18.854 and 205.126.

**SECTION 125.** ORS 413.011 is amended to read:

413.011. (1) The duties of the Oregon Health Policy Board are to:

(a) Be the policy-making and oversight body for the Oregon Health Authority established in ORS 413.032 and all of the authority's departmental divisions, including the Oregon Health Insurance Exchange described in section 17, chapter 595, Oregon Laws 2009.

(b) Develop and submit a plan to the Legislative Assembly by December 31, 2010, to provide and fund access to affordable, quality health care for all Oregonians by 2015.

(c) Develop a program to provide health insurance premium assistance to all low and moderate income individuals who are legal residents of Oregon.

1 (d) Establish and continuously refine uniform, statewide health care quality standards for use  
2 by all purchasers of health care, third-party payers and health care providers as quality performance  
3 benchmarks.

4 (e) Establish evidence-based clinical standards and practice guidelines that may be used by  
5 providers.

6 (f) Approve and monitor community-centered health initiatives described in ORS 413.032 [(1)(g)]  
7 (1)(i) that are consistent with public health goals, strategies, programs and performance standards  
8 adopted by the Oregon Health Policy Board to improve the health of all Oregonians, and shall reg-  
9 ularly report to the Legislative Assembly on the accomplishments and needed changes to the initi-  
10 atives.

11 (g) Establish cost containment mechanisms to reduce health care costs.

12 (h) Ensure that Oregon's health care workforce is sufficient in numbers and training to meet the  
13 demand that will be created by the expansion in health coverage, health care system transforma-  
14 tions, an increasingly diverse population and an aging workforce.

15 (i) Work with the Oregon congressional delegation to advance the adoption of changes in federal  
16 law or policy to promote Oregon's comprehensive health reform plan.

17 (j) Establish a health benefit package in accordance with ORS 413.064 to be used as the baseline  
18 for all health benefit plans offered through the Oregon Health Insurance Exchange.

19 (k) Develop and submit a plan to the Legislative Assembly by December 31, 2010, with recom-  
20 mended policies and procedures for the Oregon Health Insurance Exchange developed in accordance  
21 with section 17, chapter 595, Oregon Laws 2009.

22 (L) Develop and submit a plan to the Legislative Assembly by December 31, 2010, with recom-  
23 mendations for the development of a publicly owned health benefit plan that operates in the ex-  
24 change under the same rules and regulations as all health insurance plans offered through the  
25 exchange, including fully allocated fixed and variable operating and capital costs.

26 (m) By December 31, 2010, investigate and report to the Legislative Assembly, and annually  
27 thereafter, on the feasibility and advisability of future changes to the health insurance market in  
28 Oregon, including but not limited to the following:

29 (A) A requirement for every resident to have health insurance coverage.

30 (B) A payroll tax as a means to encourage employers to continue providing health insurance to  
31 their employees.

32 (C) Expansion of the exchange to include a program of premium assistance and to advance re-  
33 forms of the insurance market.

34 (D) The implementation of a system of interoperable electronic health records utilized by all  
35 health care providers in this state.

36 (n) Meet cost-containment goals by structuring reimbursement rates to reward comprehensive  
37 management of diseases, quality outcomes and the efficient use of resources by promoting cost-  
38 effective procedures, services and programs including, without limitation, preventive health, dental  
39 and primary care services, web-based office visits, telephone consultations and telemedicine consul-  
40 tations.

41 (o) Oversee the expenditure of moneys from the Health Care Workforce Strategic Fund to sup-  
42 port grants to primary care providers and rural health practitioners, to increase the number of pri-  
43 mary care educators and to support efforts to create and develop career ladder opportunities.

44 (p) Work with the Public Health Benefit Purchasers Committee, administrators of the medical  
45 assistance program and the Department of Corrections to identify uniform contracting standards for

1 health benefit plans that achieve maximum quality and cost outcomes and align the contracting  
2 standards for all state programs to the greatest extent practicable.

3 (2) The Oregon Health Policy Board is authorized to:

4 (a) Subject to the approval of the Governor, organize and reorganize the authority as the board  
5 considers necessary to properly conduct the work of the authority.

6 (b) Submit directly to the Legislative Counsel, no later than October 1 of each even-numbered  
7 year, requests for measures necessary to provide statutory authorization to carry out any of the  
8 board's duties or to implement any of the board's recommendations. The measures may be filed prior  
9 to the beginning of the legislative session in accordance with the rules of the House of Represen-  
10 tatives and the Senate.

11 (3) If the board or the authority is unable to perform, in whole or in part, any of the duties  
12 described in ORS 413.006 to 413.064 without federal approval, the board is authorized to request, **in**  
13 **accordance with section 94 of this 2011 Act**, waivers or other approval necessary to perform  
14 those duties. The board shall implement any portions of those duties not requiring legislative au-  
15 thority or federal approval, to the extent practicable.

16 (4) The enumeration of duties, functions and powers in this section is not intended to be exclu-  
17 sive nor to limit the duties, functions and powers imposed on the board by ORS 413.006 to 413.064  
18 and by other statutes.

19 (5) The board shall consult with the Department of Consumer and Business Services in com-  
20 pleting the tasks set forth in subsection (1)(j), (k) and (m)(A) and (C) of this section.

21 **SECTION 126.** ORS 413.032 is amended to read:

22 413.032. (1) The Oregon Health Authority is established. The authority shall:

23 (a) Carry out policies adopted by the Oregon Health Policy Board;

24 (b) Develop a plan for the Oregon Health Insurance Exchange in accordance with section 17,  
25 chapter 595, Oregon Laws 2009;

26 (c) Administer the Oregon Prescription Drug Program;

27 (d) Administer the Family Health Insurance Assistance Program;

28 **(e) Develop the policies for and the provision of publicly funded medical care and medical**  
29 **assistance in this state;**

30 **(f) Develop the policies for and the provision of mental health treatment and treatment**  
31 **for substance use disorders;**

32 **(g) Ensure the promotion and protection of public health and the regulation of health**  
33 **care facilities and equipment, health-related agencies and some health professions;**

34 [(e)] **(h)** Provide regular reports to the board with respect to the performance of health services  
35 contractors serving recipients of medical assistance, including reports of trends in health services  
36 and enrollee satisfaction;

37 [(f)] **(i)** Guide and support, with the authorization of the board, community-centered health ini-  
38 tiatives designed to address critical risk factors, especially those that contribute to chronic disease;

39 [(g)] **(j)** Be the state Medicaid agency for the administration of funds from Titles XIX and XXI  
40 of the Social Security Act and administer medical assistance under ORS chapter 414;

41 [(h)] **(k)** In consultation with the Director of the Department of Consumer and Business Services,  
42 periodically review and recommend standards and methodologies to the Legislative Assembly for:

43 (A) Review of administrative expenses of health insurers;

44 (B) Approval of rates; and

45 (C) Enforcement of rating rules adopted by the Department of Consumer and Business Services;

1       [(i)] (L) Structure reimbursement rates for providers that serve recipients of medical assistance  
 2 to reward comprehensive management of diseases, quality outcomes and the efficient use of re-  
 3 sources and to promote cost-effective procedures, services and programs including, without limita-  
 4 tion, preventive health, dental and primary care services, web-based office visits, telephone  
 5 consultations and telemedicine consultations;

6       [(j)] (m) Guide and support community three-share agreements in which an employer, state or  
 7 local government and an individual all contribute a portion of a premium for a community-centered  
 8 health initiative or for insurance coverage; and

9       [(k)] (n) Develop, in consultation with the Department of Consumer and Business Services and  
 10 the Health Insurance Reform Advisory Committee, one or more products designed to provide more  
 11 affordable options for the small group market.

12       (2) The Oregon Health Authority is authorized to:

13       (a) Create an all-claims, all-payer database to collect health care data and monitor and evaluate  
 14 health care reform in Oregon and to provide comparative cost and quality information to consumers,  
 15 providers and purchasers of health care about Oregon's health care systems and health plan net-  
 16 works in order to provide comparative information to consumers.

17       (b) Develop uniform contracting standards for the purchase of health care, including the fol-  
 18 lowing:

19       (A) Uniform quality standards and performance measures;

20       (B) Evidence-based guidelines for major chronic disease management and health care services  
 21 with unexplained variations in frequency or cost;

22       (C) Evidence-based effectiveness guidelines for select new technologies and medical equipment;  
 23 and

24       (D) A statewide drug formulary that may be used by publicly funded health benefit plans.

25       (c) Submit directly to the Legislative Counsel, no later than October 1 of each even-numbered  
 26 year, requests for measures necessary to provide statutory authorization to carry out any of the  
 27 authority's duties or to implement any of the board's recommendations. The measures may be filed  
 28 prior to the beginning of the legislative session in accordance with the rules of the House of Rep-  
 29 resentatives and the Senate.

30       (3) The enumeration of duties, functions and powers in this section is not intended to be exclu-  
 31 sive nor to limit the duties, functions and powers imposed on or vested in the Oregon Health Au-  
 32 thority by ORS 413.006 to 413.064 or by other statutes.

33       **SECTION 127.** ORS 413.064 is amended to read:

34       413.064. The Oregon Health Authority, in developing and offering the health benefit package  
 35 required by ORS 413.011 (1)(j), may not establish policies or procedures that discourage insurers  
 36 from offering more comprehensive health benefit plans that provide greater consumer choice at a  
 37 higher cost. The health benefit package approved by the Oregon Health Policy Board shall:

38       (1) Promote the provision of services through an integrated health home model that reduces  
 39 unnecessary hospitalizations and emergency department visits.

40       (2) Require little or no cost sharing for evidence-based preventive care and services, such as  
 41 care and services that have been shown to prevent acute exacerbations of disease symptoms in in-  
 42 dividuals with chronic illnesses.

43       (3) Create incentives for individuals to actively participate in their own health care and to  
 44 maintain or improve their health status.

45       (4) Require a greater contribution by an enrollee to the cost of elective or discretionary health

1 services.

2 (5) Include a defined set of health care services that are affordable, financially sustainable and  
 3 based upon the prioritized list of health services developed and updated by the Health [Services]  
 4 **Evidence Review** Commission under [ORS 414.720] **section 24 of this 2011 Act.**

5 **SECTION 128.** ORS 414.025, as amended by section 1, chapter 73, Oregon Laws 2010, is  
 6 amended to read:

7 414.025. As used in **ORS chapter 411 and** this chapter, unless the context or a specially appli-  
 8 cable statutory definition requires otherwise:

9 (1) "Category of aid" means assistance provided by the Oregon Supplemental Income Program,  
 10 aid granted under ORS 412.001 to 412.069 and 418.647 or federal Supplemental Security Income  
 11 payments.

12 (2) "Categorically needy" means, insofar as funds are available for the category, a person who  
 13 is a resident of this state and who:

14 (a) Is receiving a category of aid.

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

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

18 (d) Is under the age of 21 years and would be a dependent child as defined in ORS 412.001 except  
 19 for age and regular attendance in school or in a course of professional or technical training.

20 (e)(A) Is a caretaker relative, as defined in ORS 412.001, who cares for a child who would be a  
 21 dependent child except for age and regular attendance in school or in a course of professional or  
 22 technical training; or

23 (B) Is the spouse of the caretaker relative.

24 (f) Is under the age of 21 years and:

25 (A) Is in a foster family home or licensed child-caring agency or institution and is one for whom  
 26 a public agency of this state is assuming financial responsibility, in whole or in part; or

27 (B) Is 18 years of age or older, is one for whom federal financial participation is available under  
 28 Title XIX or XXI of the federal Social Security Act and who met the criteria in subparagraph (A)  
 29 of this paragraph immediately prior to the person's 18th birthday.

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

34 (h) Is a caretaker relative as defined in ORS 412.001 who cares for a dependent child receiving  
 35 aid granted under ORS 412.001 to 412.069 and 418.647 or is the spouse of the caretaker relative.

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

38 (j) Is under the age of 21 years and is in an intermediate care facility which includes institutions  
 39 for persons with [*mental retardation*] **developmental disabilities.**

40 (k) Is under the age of 22 years and is in a psychiatric hospital.

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

43 (m) Is a member of a family that received aid in the preceding month under ORS 412.006 or  
 44 412.014 and became ineligible for aid due to increased hours of or increased income from employ-  
 45 ment. As long as the member of the family is employed, such families will continue to be eligible for

1 medical assistance for a period of at least six calendar months beginning with the month in which  
 2 such family became ineligible for assistance due to increased hours of employment or increased  
 3 earnings.

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

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

8 (p) Is an individual or member of a group who, subject to the rules of the department **or the**  
 9 **Oregon Health Authority**, may optionally be included in the state's medical assistance program  
 10 under federal law and regulations concerning the availability of federal funds for the expenses of  
 11 that individual or group.

12 (q) Is a pregnant woman who would be eligible for aid granted under ORS 412.001 to 412.069 and  
 13 418.647, whether or not the woman is eligible for cash assistance.

14 (r) Except as otherwise provided in this section, is a pregnant woman or child for whom federal  
 15 financial participation is available under Title XIX or XXI of the federal Social Security Act.

16 (s) Is not otherwise categorically needy and is not eligible for care under Title XVIII of the  
 17 federal Social Security Act or is not a full-time student in a post-secondary education program as  
 18 defined by the department [*of Human Services*] **or the authority** by rule, but whose family income  
 19 is less than the federal poverty level and whose family investments and savings equal less than the  
 20 investments and savings limit established by the department **or the authority** by rule.

21 (t) Would be eligible for a category of aid but for the receipt of qualified long term care insur-  
 22 ance benefits under a policy or certificate issued on or after January 1, 2008. As used in this para-  
 23 graph, "qualified long term care insurance" means a policy or certificate of insurance as defined in  
 24 ORS 743.652 (6).

25 (u) Is eligible for the Health Care for All Oregon Children program established in ORS 414.231.

26 (3) "Income" has the meaning given that term in ORS 411.704.

27 (4) "Investments and savings" means cash, securities as defined in ORS 59.015, negotiable in-  
 28 struments as defined in ORS 73.0104 and such similar investments or savings as the department [*of*  
 29 *Human Services*] **or the authority** may establish by rule that are available to the applicant or re-  
 30 cipient to contribute toward meeting the needs of the applicant or recipient.

31 (5) "Medical assistance" means so much of the following medical and remedial care and services  
 32 as may be prescribed by the [*Oregon Health*] authority according to the standards established pur-  
 33 suant to ORS [413.032] **414.065**, including payments made for services provided under an insurance  
 34 or other contractual arrangement and money paid directly to the recipient for the purchase of  
 35 medical care:

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

37 (b) Outpatient hospital services;

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

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

40 (e) Physicians' services, whether furnished in the office, the patient's home, a hospital, a skilled  
 41 nursing facility or elsewhere;

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

44 (g) Home health care services;

45 (h) Private duty nursing services;

(i) Clinic services;

(j) Dental services;

(k) Physical therapy and related services;

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

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

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

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

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

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

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

(s) Hospice services.

(6) "Medical assistance" includes any care or services for any individual who is a patient in a medical institution or any care or services for any individual who has attained 65 years of age or is under 22 years of age, and who is a patient in a private or public institution for mental diseases. "Medical assistance" includes "health services" as defined in ORS 414.705. "Medical assistance" does not include care or services for an inmate in a nonmedical public institution.

[(7) "*Medically needy*" means a person who is a resident of this state and who is considered eligible under federal law for medically needy assistance.]

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

**SECTION 129.** ORS 414.033 is amended to read:

414.033. The Oregon Health Authority may:

(1) Subject to the allotment system provided for in ORS 291.234 to 291.260, expend such sums as are required to be expended in this state to provide medical assistance. Expenditures for medical assistance include, but are not limited to, expenditures for deductions, cost sharing, enrollment fees, premiums or similar charges imposed with respect to hospital insurance benefits or supplementary health insurance benefits, as established by federal law.

(2) Enter into agreements with, join with or accept grants from, the federal government for cooperative research and demonstration projects for public welfare purposes, including, but not limited to, any project which determines the cost of providing medical assistance [*to the medically needy*] and evaluates service delivery systems.

**SECTION 130.** ORS 414.041 is amended to read:

414.041. (1) The [Department of Human Services] **Oregon Health Authority**, under the direction of the Oregon Health Policy Board and in collaboration with the [Oregon Health Authority] **Department of Human Services**, shall implement a streamlined and simple application process for the medical assistance and premium assistance programs administered by the Oregon Health Authority and the Office of Private Health Partnerships. The process shall include, but not be limited to:

(a) An online application that may be submitted via the Internet;

(b) Application forms that are readable at a sixth grade level and that request the minimum amount of information necessary to begin processing the application; and

(c) Application assistance from qualified staff to aid individuals who have language, cognitive, physical or geographic barriers to applying for medical assistance or premium assistance.

(2) In developing the simplified application forms, the department shall consult with persons not employed by the department who have experience in serving vulnerable and hard-to-reach populations.

(3) The Oregon Health Authority shall facilitate outreach and enrollment efforts to connect eligible individuals with all available publicly funded health programs, including but not limited to the Family Health Insurance Assistance Program.

**SECTION 131.** ORS 414.065 is amended to read:

414.065. (1)(a) With respect to medical and remedial care and services to be provided in medical assistance during any period, and within the limits of funds available therefor, the Oregon Health Authority shall determine, subject to such revisions as it may make from time to time and with respect to the "health services" defined in ORS 414.705, subject to legislative funding in response to the report of the Health [Services] **Evidence Review** Commission and paragraph (b) of this subsection:

(A) The types and extent of medical and remedial care and services to be provided to each eligible group of recipients of medical assistance.

(B) Standards to be observed in the provision of medical and remedial care and services.

(C) The number of days of medical and remedial care and services toward the cost of which public assistance funds will be expended in the care of any person.

(D) Reasonable fees, charges and daily rates to which public assistance funds will be applied toward meeting the costs of providing medical and remedial care and services to an applicant or recipient.

(E) Reasonable fees for professional medical and dental services which may be based on usual and customary fees in the locality for similar services.

(F) The amount and application of any copayment or other similar cost-sharing payment that the authority may require a recipient to pay toward the cost of medical and remedial care or services.

(b) [Notwithstanding ORS 414.720 (8),] The authority shall adopt rules establishing timelines for payment of health services under paragraph (a) of this subsection.

(2) The types and extent of medical and remedial care and services and the amounts to be paid in meeting the costs thereof, as determined and fixed by the authority and within the limits of funds available therefor, shall be the total available for medical assistance and payments for such medical assistance shall be the total amounts from public assistance funds available to providers of medical and remedial care and services in meeting the costs thereof.

(3) Except for payments under a cost-sharing plan, payments made by the authority for medical assistance shall constitute payment in full for all medical and remedial care and services for which such payments of medical assistance were made.

[*(4) Medical benefits, standards and limits established pursuant to subsection (1)(a)(A), (B) and (C) of this section for the eligible medically needy, except for persons receiving assistance under ORS 411.706, may be less than but may not exceed medical benefits, standards and limits established for the eligible categorically needy, except that, in the case of a research and demonstration project entered into under ORS 411.135, medical benefits, standards and limits for the eligible medically needy may exceed those established for specific eligible groups of the categorically needy.*]

**SECTION 132.** ORS 414.211 is amended to read:

414.211. (1) There is established a Medicaid Advisory Committee consisting of not more than 15 members appointed by the Governor.

(2) The committee shall be composed of:

(a) A physician licensed under ORS chapter 677;

(b) Two members of health care consumer groups that include Medicaid recipients;

(c) Two Medicaid recipients, one of whom shall be a person with a disability;

(d) The Director of the Oregon Health Authority or designee;

**(e) The Director of Human Services or designee;**

~~[(e)]~~ **(f)** Health care providers;

~~[(f)]~~ **(g)** Persons associated with health care organizations, including but not limited to managed care plans under contract to the Medicaid program; and

~~[(g)]~~ **(h)** Members of the general public.

(3) In making appointments, the Governor shall consult with appropriate professional and other interested organizations. All members appointed to the committee shall be familiar with the medical needs of low income persons.

(4) The term of office for each member shall be two years, but each member shall serve at the pleasure of the Governor.

(5) Members of the committee shall receive no compensation for their services but, subject to any applicable state law, shall be allowed actual and necessary travel expenses incurred in the performance of their duties from the Oregon Health Authority Fund.

**SECTION 133.** ORS 414.221 is amended to read:

414.221. The Medicaid Advisory Committee shall advise *[the Administrator of the Office for Oregon Health Policy and Research and]* the Director of the Oregon Health Authority **and the Director of Human Services** on:

(1) Medical care, including mental health and alcohol and drug treatment and remedial care to be provided under ORS chapter 414; and

(2) The operation and administration of programs provided under ORS chapter 414.

**SECTION 134.** ORS 414.227 is amended to read:

414.227. (1) ORS 192.610 to 192.690 apply to any meeting of an advisory committee with the authority to make decisions for, conduct policy research for or make recommendations to the Oregon Health Authority, *[or]* the Oregon Health Policy Board **or the Department of Human Services** on administration or policy related to the medical assistance program operated under this chapter.

(2) Subsection (1) of this section applies only to advisory committee meetings attended by two or more advisory committee members who are not employed by a public body.

**SECTION 135.** ORS 414.231 is amended to read:

414.231. (1) As used in this section:

(a) "Child" means a person under 19 years of age.

(b) "Health benefit plan" has the meaning given that term in ORS 414.841.

(2) The Health Care for All Oregon Children program is established to make affordable, accessible health care available to all of Oregon's children. The program is composed of:

(a) Medical assistance funded in whole or in part by Title XIX of the Social Security Act, by the State Children's Health Insurance Program under Title XXI of the Social Security Act and by monies appropriated or allocated for that purpose by the Legislative Assembly; and

(b) A private health option administered by the Office of Private Health Partnerships under ORS

1 414.826.

2 (3) A child is eligible for the program if the child is lawfully present in this state and the income  
3 of the child's family is at or below 300 percent of the federal poverty guidelines. There is no asset  
4 limit to qualify for the program.

5 (4)(a) A child receiving medical assistance under the program is continuously eligible for a  
6 minimum period of 12 months.

7 (b) The Department of Human Services shall reenroll a child for successive 12-month periods of  
8 enrollment as long as the child is eligible for medical assistance on the date of reenrollment.

9 (c) The department may not require a new application as a condition of reenrollment under  
10 paragraph (b) of this subsection and must determine the person's eligibility for medical assistance  
11 using information and sources available to the department or documentation readily available to the  
12 person.

13 (5) Except for medical assistance funded by Title XIX of the Social Security Act, the department  
14 **or the Oregon Health Authority** may prescribe by rule a period of uninsurance prior to enrollment  
15 in the program.

16 **SECTION 136.** ORS 414.312 is amended to read:

17 414.312. (1) As used in ORS 414.312 to 414.318:

18 (a) "Pharmacy benefit manager" means an entity that negotiates and executes contracts with  
19 pharmacies, manages preferred drug lists, negotiates rebates with prescription drug manufacturers  
20 and serves as an intermediary between the Oregon Prescription Drug Program, prescription drug  
21 manufacturers and pharmacies.

22 (b) "Prescription drug claims processor" means an entity that processes and pays prescription  
23 drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data be-  
24 tween pharmacies and the Oregon Prescription Drug Program and processes related payments to  
25 pharmacies.

26 (c) "Program price" means the reimbursement rates and prescription drug prices established by  
27 the administrator of the Oregon Prescription Drug Program.

28 (2) The Oregon Prescription Drug Program is established in the Oregon Health Authority. The  
29 purpose of the program is to:

30 (a) Purchase prescription drugs, replenish prescription drugs dispensed or reimburse pharmacies  
31 for prescription drugs in order to receive discounted prices and rebates;

32 (b) Make prescription drugs available at the lowest possible cost to participants in the program  
33 as a means to promote health;

34 (c) Maintain a list of prescription drugs recommended as the most effective prescription drugs  
35 available at the best possible prices; and

36 (d) Promote health through the purchase and provision of discount prescription drugs and co-  
37 ordination of comprehensive prescription benefit services for eligible entities and members.

38 (3) The Director of the Oregon Health Authority shall appoint an administrator of the Oregon  
39 Prescription Drug Program. The administrator may:

40 (a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-  
41 ufacturers or group purchasing organizations;

42 (b) Purchase prescription drugs on behalf of individuals and entities that participate in the  
43 program;

44 (c) Contract with a prescription drug claims processor to adjudicate pharmacy claims and  
45 transmit program prices to pharmacies;

(d) Determine program prices and reimburse or replenish pharmacies for prescription drugs dispensed or transferred;

(e) Adopt and implement a preferred drug list for the program;

(f) Develop a system for allocating and distributing the operational costs of the program and any rebates obtained to participants of the program; and

(g) Cooperate with other states or regional consortia in the bulk purchase of prescription drugs.

(4) The following individuals or entities may participate in the program:

(a) Public Employees' Benefit Board, Oregon Educators Benefit Board and Public Employees Retirement System;

(b) Local governments as defined in ORS 174.116 and special government bodies as defined in ORS 174.117 that directly or indirectly purchase prescription drugs;

(c) Oregon Health and Science University established under ORS 353.020;

(d) State agencies that directly or indirectly purchase prescription drugs, including agencies that dispense prescription drugs directly to persons in state-operated facilities;

(e) Residents of this state who lack or are underinsured for prescription drug coverage;

(f) Private entities; and

(g) Labor organizations.

(5) The state agency that receives federal Medicaid funds and is responsible for implementing the state's medical assistance program may not participate in the program.

(6) The administrator may establish different program prices for pharmacies in rural areas to maintain statewide access to the program.

(7) The administrator may establish the terms and conditions for a pharmacy to enroll in the program. A licensed pharmacy that is willing to accept the terms and conditions established by the administrator may apply to enroll in the program.

(8) Except as provided in subsection [(10)] (9) of this section, the administrator may not:

(a) Contract with a pharmacy benefit manager;

(b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or

(c) Require pharmacies to maintain or allocate separate inventories for prescription drugs dispensed through the program.

(9) The administrator shall contract with one or more entities to perform any of the functions of the program, including but not limited to:

(a) Contracting with a pharmacy benefit manager and directly or indirectly with such pharmacy networks as the administrator considers necessary to maintain statewide access to the program.

(b) Negotiating with prescription drug manufacturers on behalf of the administrator.

(10) Notwithstanding subsection (4)(e) of this section, individuals who are eligible for Medicare Part D prescription drug coverage may participate in the program.

(11) The program may contract with vendors as necessary to utilize discount purchasing programs, including but not limited to group purchasing organizations established to meet the criteria of the Nonprofit Institutions Act, 15 U.S.C. 13c, or that are exempt under the Robinson-Patman Act, 15 U.S.C. 13.

**SECTION 137.** ORS 414.325, as amended by section 8, chapter 827, Oregon Laws 2009, is amended to read:

414.325. (1) As used in this section:

(a) "Legend drug" means any drug requiring a prescription by a practitioner, as defined in ORS 689.005.

**(b) “Mental health drug” means a type of legend drug defined by the Oregon Health Authority by rule that includes, but is not limited to:**

**(A) Therapeutic class 7 ataractics-tranquilizers; and**

**(B) Therapeutic class 11 psychostimulants-antidepressants.**

**[(b)] (c) “Urgent medical condition” means a medical condition that arises suddenly, is not life-threatening and requires prompt treatment to avoid the development of more serious medical problems.**

*[(2) A licensed practitioner may prescribe such drugs under this chapter as the practitioner in the exercise of professional judgment considers appropriate for the diagnosis or treatment of the patient in the practitioner’s care and within the scope of practice. Prescriptions shall be dispensed in the generic form pursuant to ORS 689.515 and pursuant to rules of the Oregon Health Authority unless the practitioner prescribes otherwise and an exception is granted by the authority.]*

*[(3) Except as provided in subsections (4) and (5) of this section, the authority shall place no limit on the type of legend drug that may be prescribed by a practitioner, but the authority shall pay only for drugs in the generic form unless an exception has been granted by the authority.]*

*[(4) Notwithstanding subsection (3) of this section, an exception must be applied for and granted before the authority is required to pay for minor tranquilizers and amphetamines and amphetamine derivatives, as defined by rule of the authority.]*

**(2) The authority shall reimburse the cost of a legend drug prescribed for a recipient of medical assistance only if the legend drug:**

**(a) Is on the drug list of the Practitioner-Managed Prescription Drug Plan adopted under ORS 414.334;**

**(b) Is in a therapeutic class of nonsedating antihistamines and nasal inhalers, as defined by the authority by rule, and is prescribed by an allergist for the treatment of:**

**(A) Asthma;**

**(B) Sinusitis;**

**(C) Rhinitis; or**

**(D) Allergies; or**

**(c) Is prescribed and dispensed under this chapter by a licensed practitioner at a rural health clinic for an urgent medical condition and:**

**(A) There is no pharmacy within 15 miles of the clinic;**

**(B) The prescription is dispensed for a patient outside of the normal business hours of any pharmacy within 15 miles of the clinic; or**

**(C) No pharmacy within 15 miles of the clinic dispenses legend drugs under this chapter.**

**(3) The authority shall pay only for drugs in the generic form unless an exception has been granted by the authority through the prior authorization process adopted by the authority under subsection (4) of this section.**

**(4) Notwithstanding subsection (2) of this section, the authority shall provide reimbursement for a legend drug that does not meet the criteria in subsection (2) of this section if:**

**(a) It is a mental health drug.**

**(b) The authority grants approval through a prior authorization process adopted by the authority by rule.**

**(c) The prescriber contacts the authority requesting prior authorization and the authority or its agent fails to respond to the telephone call or to a prescriber’s request made by**

1 **electronic mail within 24 hours.**

2 **(d) The original prescription was written prior to July 28, 2009, or the request is for a**  
 3 **refill of a prescription for:**

4 **(A) The treatment of seizures, cancer, HIV or AIDS; or**

5 **(B) An immunosuppressant.**

6 **(e) It is a drug in a class not evaluated for the Practitioner-Managed Prescription Drug**  
 7 **Plan adopted under ORS 414.334.**

8 (5)[(a)] Notwithstanding subsections (1) to (4) of this section [*and except as provided in paragraph*  
 9 *(b) of this subsection*], the authority is authorized to:

10 [(A)] **(a)** Withhold payment for a legend drug when federal financial participation is not avail-  
 11 able; [*and*]

12 [(B)] **(b)** Require prior authorization of payment for drugs that the authority has determined  
 13 should be limited to those conditions generally recognized as appropriate by the medical  
 14 profession[.]; **and**

15 **(c) Withhold payment for a legend drug that is not a funded health service on the prior-**  
 16 **itized list of health services established by the Health Evidence Review Commission under**  
 17 **section 24 of this 2011 Act.**

18 [(b)] *The authority may not require prior authorization for therapeutic classes of nonsedating*  
 19 *antihistamines and nasal inhalers, as defined by rule by the authority, when prescribed by an allergist*  
 20 *for treatment of any of the following conditions, as described by the Health Services Commission on the*  
 21 *funded portion of its prioritized list of services:]*

22 [(A)] *Asthma;*

23 [(B)] *Sinusitis;*

24 [(C)] *Rhinitis; or]*

25 [(D)] *Allergies.]*

26 [(6)] *The authority shall pay a rural health clinic for a legend drug prescribed and dispensed under*  
 27 *this chapter by a licensed practitioner at the rural health clinic for an urgent medical condition if:]*

28 [(a)] *There is not a pharmacy within 15 miles of the clinic;*

29 [(b)] *The prescription is dispensed for a patient outside of the normal business hours of any phar-*  
 30 *macy within 15 miles of the clinic; or]*

31 [(c)] *No pharmacy within 15 miles of the clinic dispenses legend drugs under this chapter.]*

32 [(7)] **(6)** Notwithstanding ORS 414.334, the authority may conduct prospective drug utilization  
 33 review prior to payment for drugs for a patient whose prescription drug use exceeded 15 drugs in  
 34 the preceding six-month period.

35 [(8)] **(7)** Notwithstanding subsection (3) of this section, the authority may pay a pharmacy for a  
 36 particular brand name drug rather than the generic version of the drug after notifying the pharmacy  
 37 that the cost of the particular brand name drug, after receiving discounted prices and rebates, is  
 38 equal to or less than the cost of the generic version of the drug.

39 [(9)(a)] **(8)(a)** Within 180 days after the United States patent expires on an immunosuppressant  
 40 drug used in connection with an organ transplant, the authority shall determine whether the drug  
 41 is a narrow therapeutic index drug.

42 (b) As used in this subsection, “narrow therapeutic index drug” means a drug that has a narrow  
 43 range in blood concentrations between efficacy and toxicity and requires therapeutic drug concen-  
 44 tration or pharmacodynamic monitoring.

45 **(9)(a) Subject to the provisions of paragraph (b) of this subsection, the authority may**

1 contract with a pharmacy benefit manager to manage prescription drug benefits for the  
2 medical assistance program in the following manner:

3 (A) The pharmacy benefit manager shall purchase prescription drugs in bulk or reim-  
4 burse pharmacies for prescription drugs prescribed for eligible persons in the medical as-  
5 sistance program.

6 (B) The pharmacy benefit manager shall establish two programs. One program shall  
7 purchase prescription drugs for fully capitated health plans or reimburse fully capitated  
8 health plans that use the pharmacy benefit manager. The second program shall reimburse  
9 fee-for-service pharmacy providers directly or provide for payment to fee-for-service phar-  
10 macy providers by the authority.

11 (C) Fully capitated health plans may use the pharmacy benefit manager described in this  
12 paragraph.

13 (b) ORS 414.334 applies to the management of prescription drug benefits by a pharmacy  
14 benefit manager under this subsection.

15 (10) The authority shall appoint an advisory committee in accordance with ORS 183.333  
16 for any rulemaking conducted pursuant to this section.

17 **SECTION 138.** ORS 414.334 is amended to read:

18 414.334. (1) The Oregon Health Authority shall adopt a Practitioner-Managed Prescription Drug  
19 Plan for the medical assistance program. The purpose of the plan is to ensure that enrollees [of] in  
20 the medical assistance program receive the most effective prescription drug available at the best  
21 possible price.

22 [(2) Before adopting the plan, the authority shall conduct public meetings and consult with the  
23 Health Resources Commission.]

24 (2) In adopting the plan, the authority shall consider recommendations of the Pharmacy  
25 and Therapeutics Committee and shall consult with the Health Evidence Review Commission.

26 (3) The authority shall consult with representatives of the regulatory boards and associations  
27 representing practitioners who are prescribers under the medical assistance program and ensure  
28 that practitioners receive educational materials and have access to training on the Practitioner-  
29 Managed Prescription Drug Plan.

30 (4) An enrollee may appeal to the authority a decision of a practitioner or the authority to not  
31 provide a prescription drug requested by the enrollee.

32 (5) This section does not limit the decision of a practitioner as to the scope and duration of  
33 treatment of chronic conditions, including but not limited to arthritis, diabetes and asthma.

34 **SECTION 139.** ORS 414.334, as amended by section 10, chapter 827, Oregon Laws 2009, is  
35 amended to read:

36 414.334. (1) The Oregon Health Authority shall adopt a Practitioner-Managed Prescription Drug  
37 Plan for the medical assistance program. The purpose of the plan is to ensure that enrollees [of] in  
38 the medical assistance program receive the most effective prescription drug available at the best  
39 possible price.

40 [(2) Before adopting the plan, the authority shall conduct public meetings and consult with the  
41 Health Resources Commission.]

42 (2) In adopting the plan, the authority shall consider recommendations of the Pharmacy  
43 and Therapeutics Committee and shall consult with the Health Evidence Review Commission.

44 (3) The authority shall consult with representatives of the regulatory boards and associations  
45 representing practitioners who are prescribers under the medical assistance program and ensure

that practitioners receive educational materials and have access to training on the Practitioner-Managed Prescription Drug Plan.

(4) Notwithstanding the Practitioner-Managed Prescription Drug Plan adopted by the authority, a practitioner may prescribe any drug that the practitioner indicates is medically necessary for an enrollee as being the most effective available.

(5) An enrollee may appeal to the authority a decision of a practitioner or the authority to not provide a prescription drug requested by the enrollee.

(6) This section does not limit the decision of a practitioner as to the scope and duration of treatment of chronic conditions, including but not limited to arthritis, diabetes and asthma.

**SECTION 140.** ORS 414.337 is amended to read:

414.337. The Oregon Health Authority may not adopt or amend any rule that *[requires a prescribing practitioner to contact the authority to request an exception for a medically appropriate or medically necessary drug that is not listed on the Practitioner-Managed Prescription Drug Plan drug list for that class of drugs adopted under ORS 414.334, unless otherwise authorized by enabling legislation setting forth the requirement for prior authorization]* **inhibits a licensed health practitioner from making independent decisions:**

(1) **About the clinical effectiveness and safety of prescription drugs;**

(2) **That are informed by the latest peer-reviewed research; and**

(3) **That consider the health condition of a patient or characteristics of a patient including the patient's sex, race or ethnicity.**

**SECTION 141.** ORS 414.538 is amended to read:

414.538. (1) The Department of Human Services **and the Oregon Health Authority** may not impose income or resource limitations or a prior period of uninsurance on a woman who otherwise qualifies for medical assistance under ORS 414.534 or 414.536.

(2) *[In determining eligibility for]* **In establishing eligibility requirements for** medical assistance under ORS 414.534 *[or 414.536]*, the department **and the authority** shall give priority to low-income women.

**SECTION 142.** ORS 414.705 is amended to read:

414.705. (1) As used in ORS 414.705 to 414.750, "health services" means at least so much of each of the following as are approved and funded by the Legislative Assembly:

(a) Services required by federal law to be included in the state's medical assistance program in order for the program to qualify for federal funds;

(b) Services provided by a physician as defined in ORS 677.010, a nurse practitioner certified under ORS 678.375 or other licensed practitioner within the scope of the practitioner's practice as defined by state law, and ambulance services;

(c) Prescription drugs;

(d) Laboratory and X-ray services;

(e) Medical supplies;

(f) Mental health services;

(g) Chemical dependency services;

(h) Emergency dental services;

(i) Nonemergency dental services;

(j) Provider services, other than services described in paragraphs (a) to (i), (k), (L) and (m) of this subsection, defined by federal law that may be included in the state's medical assistance program;

- (k) Emergency hospital services;
- (L) Outpatient hospital services; and
- (m) Inpatient hospital services.

(2) Health services approved and funded under subsection (1) of this section are subject to the prioritized list of health services required in [ORS 414.720] **in section 24 of this 2011 Act.**

**SECTION 143.** ORS 414.707 is amended to read:

414.707. (1) Persons described in ORS 414.706 (1), (2)[,] **and** (3) [*and* (5)] are eligible to receive all the health services approved and funded by the Legislative Assembly.

**(2) Persons described in ORS 414.706 (5) are eligible to receive all the health services approved and funded by the Legislative Assembly distinct from the services approved and funded for persons described in ORS 414.706 (1), (2) and (3).**

[(2)] (3) Persons described in ORS 414.708 are eligible to receive the health services described in ORS 414.705 (1)(c), (f) and (g).

**SECTION 144.** ORS 414.708 is amended to read:

414.708. (1) A person is eligible to receive the health services described in ORS 414.707 [(2)] (3) when the person is a resident of this state who:

(a) Is 65 years of age or older, or is blind or has a disability as those terms are defined in ORS 411.704;

(b) Has a gross annual income that does not exceed the standard established by the Oregon Health [Policy Board] **Authority or the Department of Human Services**; and

(c) Is not covered under any public or private prescription drug benefit program.

(2) A person receiving prescription drug services under ORS 414.707 [(2)] (3) shall pay up to a percentage of the Medicaid price of the prescription drug established by the authority by rule and the dispensing fee.

**SECTION 145.** ORS 414.710 is amended to read:

414.710. The following services are not subject to [ORS 414.720] **section 24 of this 2011 Act:**

(1) Nursing facilities, institutional and home- and community-based waived services funded through the Department of Human Services; and

(2) Services to children who are wards of the Department of Human Services by order of the juvenile court and services to children and families for health care or mental health care through the department.

**SECTION 146.** ORS 414.712 is amended to read:

414.712. The Oregon Health Authority shall provide [*medical assistance*] **health services** under ORS 414.705 to 414.750 to eligible persons who are determined eligible for medical assistance [*by the Department of Human Services according to ORS 411.706*] **as defined in ORS 414.025.** The Oregon Health Authority shall also provide the following:

(1) Ombudsman services for eligible persons who receive assistance under ORS 411.706. With the concurrence of the Governor and the Oregon Health Policy Board, the Director of the Oregon Health Authority shall appoint ombudsmen and may terminate an ombudsman. Ombudsmen are under the supervision and control of the director. An ombudsman shall serve as a patient's advocate whenever the patient or a physician or other medical personnel serving the patient is reasonably concerned about access to, quality of or limitations on the care being provided by a health care provider. Patients shall be informed of the availability of an ombudsman. Ombudsmen shall report to the Governor and the Oregon Health Policy Board in writing at least once each quarter. A report shall include a summary of the services that the ombudsman provided during the quarter and

1 the ombudsman's recommendations for improving ombudsman services and access to or quality of  
2 care provided to eligible persons by health care providers.

3 (2) Case management services in each health care provider organization for those eligible per-  
4 sons who receive assistance under ORS 411.706. Case managers shall be trained in and shall exhibit  
5 skills in communication with and sensitivity to the unique health care needs of people who receive  
6 assistance under ORS 411.706. Case managers shall be reasonably available to assist patients served  
7 by the organization with the coordination of the patient's health care services at the reasonable  
8 request of the patient or a physician or other medical personnel serving the patient. Patients shall  
9 be informed of the availability of case managers.

10 (3) A mechanism, established by rule, for soliciting consumer opinions and concerns regarding  
11 accessibility to and quality of the services of each health care provider.

12 (4) A choice of available medical plans and, within those plans, choice of a primary care pro-  
13 vider.

14 (5) Due process procedures for any individual whose request for medical assistance coverage for  
15 any treatment or service is denied or is not acted upon with reasonable promptness. These proce-  
16 dures shall include an expedited process for cases in which a patient's medical needs require swift  
17 resolution of a dispute.

18 **SECTION 147.** ORS 414.725 is amended to read:

19 414.725. (1)(a) Pursuant to rules adopted by the Oregon Health Authority, the authority shall  
20 execute prepaid managed care health services contracts for health services funded by the Legisla-  
21 tive Assembly. The contract must require that all services are provided to the extent and scope of  
22 the Health [Services] **Evidence Review** Commission's report for each service provided under the  
23 contract. The contracts are not subject to ORS chapters 279A and 279B, except ORS 279A.250 to  
24 279A.290 and 279B.235. [Notwithstanding ORS 414.720 (8),] The rules adopted by the authority shall  
25 establish timelines for executing the contracts described in this paragraph.

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

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

34 (d) The authority shall establish annual financial reporting requirements for prepaid managed  
35 care health services organizations. The authority shall prescribe a reporting procedure that elicits  
36 sufficiently detailed information for the authority to assess the financial condition of each prepaid  
37 managed care health services organization and that includes information on the three highest  
38 executive salary and benefit packages of each prepaid managed care health services organization.

39 (e) The authority shall require compliance with the provisions of paragraph (d) of this subsection  
40 as a condition of entering into a contract with a prepaid managed care health services organization.

41 (f)(A) The authority shall adopt rules and procedures to ensure that a rural health clinic that  
42 provides a health service to an enrollee of a prepaid managed care health services organization re-  
43 ceives total aggregate payments from the organization, other payers on the claim and the authority  
44 that are no less than the amount the rural health clinic would receive in the authority's fee-for-  
45 service payment system. The authority shall issue a payment to the rural health clinic in accordance

1 with this subsection within 45 days of receipt by the authority of a completed billing form.

2 (B) "Rural health clinic," as used in this paragraph, shall be defined by the authority by rule  
3 and shall conform, as far as practicable or applicable in this state, to the definition of that term in  
4 42 U.S.C. 1395x(aa)(2).

5 (2) The authority may institute a fee-for-service case management system or a fee-for-service  
6 payment system for the same physical health, dental, mental health or chemical dependency services  
7 provided under the health services contracts for persons eligible for health services under ORS  
8 414.705 to 414.750 in designated areas of the state in which a prepaid managed care health services  
9 organization is not able to assign an enrollee to a person or entity that is primarily responsible for  
10 coordinating the physical health, dental, mental health or chemical dependency services provided to  
11 the enrollee. In addition, the authority may make other special arrangements as necessary to in-  
12 crease the interest of providers in participation in the state's managed care system, including but  
13 not limited to the provision of stop-loss insurance for providers wishing to limit the amount of risk  
14 they wish to underwrite.

15 (3) As provided in subsections (1) and (2) of this section, the aggregate expenditures by the au-  
16 thority for health services provided pursuant to ORS 414.705 to 414.750 may not exceed the total  
17 dollars appropriated for health services under ORS 414.705 to 414.750.

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

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

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

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

32 (a) Grievances and appeals; and

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

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

36 **SECTION 148.** ORS 414.730 is amended to read:

37 414.730. The Health [Services] **Evidence Review** Commission shall [*establish a Subcommittee on*  
38 *Mental Health Care and Chemical Dependency to assist the commission*] **consult with an advisory**  
39 **committee** in determining priorities for mental health care and chemical dependency. The [*sub-*  
40 *committee*] **advisory committee** shall include mental health and chemical dependency professionals  
41 who provide inpatient and outpatient mental health and chemical dependency care.

42 **SECTION 149.** ORS 414.735 is amended to read:

43 414.735. (1) If insufficient resources are available during a contract period:

44 (a) The population of eligible persons determined by law [*shall*] **may** not be reduced.

45 (b) The reimbursement rate for providers and plans established under the contractual agreement

1 [shall] **may** not be reduced.

2 (2) In the circumstances described in subsection (1) of this section, reimbursement shall be ad-  
3 justed by reducing the health services for the eligible population by eliminating services in the order  
4 of priority recommended by the Health [Services] **Evidence Review** Commission, starting with the  
5 least important and progressing toward the most important.

6 (3) The Oregon Health Policy Board shall obtain the approval of the Legislative Assembly, or  
7 the Emergency Board if the Legislative Assembly is not in session, before instituting the reductions.  
8 In addition, providers contracting to provide health services under ORS 414.705 to 414.750 must be  
9 notified at least two weeks prior to any legislative consideration of such reductions. Any reductions  
10 made under this section shall take effect no sooner than 60 days following final legislative action  
11 approving the reductions.

12 (4) This section does not apply to reductions made by the Legislative Assembly in a legislatively  
13 adopted or approved budget.

14 **SECTION 150.** ORS 414.736 is amended to read:

15 414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740, [414.741,]  
16 414.742 and 414.743 and section 9, chapter 867, Oregon Laws 2009:

17 (1) "Designated area" means a geographic area of the state defined by the Oregon Health Au-  
18 thority by rule that is served by a prepaid managed care health services organization.

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

23 (3) "Physician care organization" means an organization that contracts with the Oregon Health  
24 Authority or the Oregon Health Policy Board on a prepaid capitated basis under ORS 414.725 to  
25 provide an adequate network of providers to ensure that the health services described in ORS  
26 414.705 (1)(b), (c), (d), (e), (g) and (j) are reasonably accessible to enrollees. A physician care organ-  
27 ization may also contract with the authority or the board on a prepaid capitated basis to provide  
28 the health services described in ORS 414.705 (1)(k) and (L).

29 (4) "Prepaid managed care health services organization" means a managed physical health,  
30 dental, mental health or chemical dependency organization that contracts with the authority or the  
31 board on a prepaid capitated basis under ORS 414.725. A prepaid managed care health services or-  
32 ganization may be a dental care organization, fully capitated health plan, physician care organiza-  
33 tion, mental health organization or chemical dependency organization.

34 **SECTION 151.** ORS 414.736, as amended by section 6, chapter 886, Oregon Laws 2009, is  
35 amended to read:

36 414.736. As used in this section and ORS 414.725, 414.737, 414.738, 414.739, 414.740[ 414.741] and  
37 414.742 and section 9, chapter 867, Oregon Laws 2009:

38 (1) "Designated area" means a geographic area of the state defined by the Oregon Health Au-  
39 thority by rule that is served by a prepaid managed care health services organization.

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

44 (3) "Physician care organization" means an organization that contracts with the Oregon Health  
45 Authority or the Oregon Health Policy Board on a prepaid capitated basis under ORS 414.725 to

1 provide an adequate network of providers to ensure that the health services described in ORS  
 2 414.705 (1)(b), (c), (d), (e), (g) and (j) are reasonably accessible to enrollees. A physician care organ-  
 3 ization may also contract with the authority or the board on a prepaid capitated basis to provide  
 4 the health services described in ORS 414.705 (1)(k) and (L).

5 (4) "Prepaid managed care health services organization" means a managed physical health,  
 6 dental, mental health or chemical dependency organization that contracts with the authority or the  
 7 board on a prepaid capitated basis under ORS 414.725. A prepaid managed care health services or-  
 8 ganization may be a dental care organization, fully capitated health plan, physician care organiza-  
 9 tion, mental health organization or chemical dependency organization.

10 **SECTION 152. Sections 22 to 24 of this 2011 Act are added to and made a part of ORS**  
 11 **414.705 to 414.750.**

12 **SECTION 153.** ORS 416.340 is amended to read:

13 416.340. (1) With respect to any claim *[which the Department of Human Services may have]*  
 14 against the estate of a deceased person **under ORS 411.708, 411.795, 416.310 or 416.350**, the De-  
 15 partment of Human Services **and the Oregon Health Authority** may~~], subject to such terms as it~~  
 16 ~~may prescribe in any such case]:~~

17 (a) Secure payment of *[such]* **the** claim in whole or in part by the acceptance of assignments,  
 18 conveyances, notes, mortgages and other transfers of property or interests therein.

19 (b) Waive *[such]* **the** claim to the extent that the department *[of Human Services]* **or the au-**  
 20 **thority** finds that *[the]* enforcement *[thereof]* would tend to defeat the purpose of the public assist-  
 21 ance laws.

22 (2) To the extent that the need for aid resulted from a crime committed against the recipient,  
 23 a claim for recovery of the amount of such aid defeats the purpose of the public assistance laws.

24 **SECTION 154.** ORS 416.350 is amended to read:

25 416.350. (1) **The Department of Human Services or** the Oregon Health Authority may recover  
 26 from any person the amounts of medical assistance **the department or the authority** incorrectly  
 27 paid **to or** on behalf of *[such]* **the** person.

28 (2) Medical assistance pursuant to *[this chapter]* **ORS chapter 414** paid **to or** on behalf of an  
 29 individual who was 55 years of age or older when the individual received *[such]* **the** assistance, or  
 30 paid on behalf of a person of any age who was a permanently institutionalized inpatient in a nursing  
 31 facility, intermediate care facility for persons with mental retardation or other medical institution,  
 32 may be recovered from the estate of the individual or from any recipient of property or other assets  
 33 held by the individual at the time of death including the estate of the surviving spouse. Claim for  
 34 such medical assistance correctly paid **to or on behalf of** the individual may be established against  
 35 the estate, but *[there shall be no adjustment or recovery thereof]* **the claim may not be adjusted**  
 36 **or recovered** until after the death of the surviving spouse, if any, and only at a time when the in-  
 37 dividual has no surviving child who is under 21 years of age or who is blind or permanently and  
 38 totally disabled. Transfers of real or personal property by recipients of such aid without adequate  
 39 consideration are voidable and may be set aside under ORS 411.620 (2).

40 (3) Nothing in this section authorizes the recovery of the amount of any aid from the estate or  
 41 surviving spouse of a recipient to the extent that the need for aid resulted from a crime committed  
 42 against the recipient.

43 (4) In any action or proceeding under this section to recover medical assistance paid, it *[shall*  
 44 *be]* **is** the legal burden of the person who receives the property or other assets from a *[Medicaid]*  
 45 **medical assistance** recipient to establish the extent and value of the *[Medicaid]* recipient's legal

1 title or interest in the property or assets in accordance with rules established by the authority.

2 (5) As used in this section, "estate" includes all real and personal property and other assets in  
3 which the deceased individual had any legal title or interest at the time of death including assets  
4 conveyed to a survivor, heir or assign of the deceased individual through joint tenancy, tenancy in  
5 common, survivorship, life estate, living trust or other similar arrangement.

6 **SECTION 155.** ORS 416.610 is amended to read:

7 416.610. **The Department of Human Services**, the Oregon Health Authority or the recipient's  
8 prepaid managed care health services organization, if the recipient is receiving services from the  
9 organization, shall have a cause of action against any recipient who fails to give the notification  
10 required by ORS 416.530 for amounts received by the recipient pursuant to a judgment, settlement  
11 or compromise to the extent that the department, [or] the authority or the prepaid managed care  
12 health services organization could have had a lien against such amounts had such notice been given.

13 **SECTION 156.** ORS 417.349 is amended to read:

14 417.349. In accordance with ORS 417.342 and 417.344, the Department of Human Services shall  
15 provide family support services throughout the department. Notwithstanding ORS 430.640 **and sec-**  
16 **tion 174 of this 2011 Act**, the department may contract directly with community organizations for  
17 the provision of family support services.

18 **SECTION 157.** ORS 418.517 is amended to read:

19 418.517. (1) **As used in this section:**

20 (a) **"Medically accepted indication" means any use for a covered outpatient drug that is**  
21 **approved under the Federal Food, Drug and Cosmetic Act, or recommended by the Pharmacy**  
22 **and Therapeutics Committee created by section 2 of this 2011 Act, or the use of which is**  
23 **supported by one or more citations included or approved for inclusion in any of the following**  
24 **compendia:**

25 (A) **American Hospital Formulary Service drug information;**

26 (B) **United States Pharmacopoeia drug information or any successor publication;**

27 (C) **The DRUGDEX Information System; or**

28 (D) **Peer-reviewed medical literature.**

29 (b) **"Psychotropic medication" means medication the prescribed intent of which is to af-**  
30 **fect or alter thought processes, mood or behavior, including but not limited to antipsychotic,**  
31 **antidepressant and anxiolytic medication and behavior medications. The classification of a**  
32 **medication depends upon its stated intended effect when prescribed, because it may have**  
33 **many different effects.**

34 [(1)] (2) The Department of Human Services shall develop by rule procedures for the use of  
35 psychotropic medications for children placed in foster care by the department.

36 [(2)] (3) The procedures shall include but not be limited to:

37 (a) Required assessment by a qualified mental health professional or licensed medical profes-  
38 sional, with expertise in children's mental health, as defined by rule of the department prior to is-  
39 suance of a new prescription for more than one psychotropic medication or any antipsychotic  
40 medication, except in case of urgent medical need as defined by rule.

41 (b) Required notice by the foster parent to the department within one working day after re-  
42 ceiving a new prescription of the psychotropic medication.

43 (c) Required timely notice by the department to the child's parent and the parent's legal repre-  
44 sentative, if any, and the child's legal representative or the court appointed special advocate con-  
45 taining the following information:

- (A) The prescribed psychotropic medication;
- (B) The amount of the dosage;
- (C) The dosage recommended pursuant to a medically accepted indication;
- (D) The reason for the medication;
- (E) The efficacy of the medication; and
- (F) The side effects of the medication.

(d) Specified follow-up and monitoring by the department of a child taking psychotropic medication including, but not limited to, an annual review of medications by a licensed medical professional, or qualified mental health professional with authority to prescribe drugs, other than the prescriber, if the child has more than two prescriptions for psychotropic medications or if the child is under the age of six years.

[(3)] (4) A psychotropic medication may not be prescribed for a child under this section unless it is used for a medically accepted indication that is age appropriate.

[(4)] (5) Any parent, legal representative of the parent, legal representative of the child or court appointed special advocate may petition the juvenile court for a hearing if the parent, the representative of the parent, if any, the legal representative of the child or the advocate objects to the use of or the prescribed dosage of the psychotropic medication. The court may order an independent evaluation of the need for or the prescribed dosage of the medication. The court may order that administration of the medication be discontinued or the prescribed dosage be modified upon a showing that either the prescribed medication or the dosage, or both, are inappropriate.

[(5) As used in this section:]

[(a) "*Medically accepted indication*" means any use for a covered outpatient drug that is approved under the Federal Food, Drug and Cosmetic Act, or recommended by the Drug Use Review Board, or the use of which is supported by one or more citations included or approved for inclusion in any of the following compendia:]

[(A) *American Hospital Formulary Services drug information*;

[(B) *United States Pharmacopoeia drug information or any successor publication*;

[(C) *The DRUGDEX Information System*; or]

[(D) *The peer-reviewed medical literature*.]

[(b) "*Psychotropic medication*" means medication the prescribed intent of which is to affect or alter thought processes, mood or behavior, including but not limited to antipsychotic, antidepressant and anxiolytic medication and behavior medications. The classification of a medication depends upon its stated, intended effect when prescribed because it may have many different effects.]

**SECTION 158.** ORS 418.975 is amended to read:

418.975. As used in ORS 418.975 to 418.985:

(1) "Cultural competence" means accepting and respecting diversity and differences in a continuous process of self-assessment and reflection on one's personal and organizational perceptions of the dynamics of culture.

(2) "Family" includes, with respect to a youth:

- (a) A biological or legal parent;
- (b) A sibling;
- (c) An individual related by blood, marriage or adoption;
- (d) A foster parent;
- (e) A legal guardian;
- (f) A caregiver;

(g) An individual with a significant social relationship with the youth; and

(h) Any person who provides natural, formal or informal support to the youth that the youth identifies as important.

(3) “Family-run organization” means a private nonprofit entity organized for the purpose of serving families with a youth who has a serious emotional disorder *[that]*. **The entity must:**

(a) *[Has]* **Have** a governing board in which a majority of the members are family members of a youth with a serious emotional disorder; and

(b) *[Gives]* **Give** a preference to family members in hiring decisions for the entity.

(4) “Identified population” means youth who have or are at risk of developing emotional, behavioral or substance use related needs, and who are involved with two or more systems of care.

(5) “Partner agency” includes the Department of Education, Oregon Youth Authority, Department of Human Services, State Commission on Children and Families, **Oregon Health Authority** and other appropriate agencies involved in the system of care.

(6) “Services and supports” means public, private and community resources that assist youth in the achievement of positive outcomes.

(7) “System of care” means a coordinated network of services including education, child welfare, public health, primary care, pediatric care, juvenile justice, mental health treatment, substance use treatment, developmental disability services and any other services and supports to the identified population that integrates care planning and management across multiple levels, that is culturally and linguistically competent, that is designed to build meaningful partnerships with families and youth in the delivery and management of services and the development of policy and that has a supportive policy and management infrastructure.

(8) “Wraparound” means a definable, team-based planning process involving a youth and the youth’s family that results in a unique set of community services and services and supports individualized for that youth and family to achieve a set of positive outcomes.

(9) “Youth” means an individual 18 years of age or younger.

**SECTION 159.** ORS 418.985 is amended to read:

418.985. (1) There is established the Children’s Wraparound Initiative Advisory Committee consisting of members representing:

(a) Partner agencies;

(b) Local service providers;

(c) Youth and the family of youth who have current or past involvement with at least two partner agencies; and

(d) Organizations that advocate for youth.

(2) The majority of members of the committee shall be representatives of youth or the family of youth and advocacy organizations.

(3) The committee shall advise and assist in the implementation of the wraparound initiative described in ORS 418.977.

(4) The Department of Human Services **and the Oregon Health Authority**, in consultation with the committee, shall report biennially to the Governor and the Legislative Assembly on the progress toward and projected costs of full implementation of the wraparound initiative.

**SECTION 160.** ORS 426.005 is amended to read:

426.005. (1) As used in ORS 426.005 to 426.390, unless the context requires otherwise:

(a) “Authority” means the Oregon Health Authority.

(b) “Community mental health program director” means the director of an entity that provides

the services described in ORS 430.630 (3)[, (4) and (6)] **to (5).**

(c) “Director of the facility” means a superintendent of a state mental hospital, the chief of psychiatric services in a community hospital or the person in charge of treatment and rehabilitation programs at other treatment facilities.

(d) “Facility” means a state mental hospital, community hospital, residential facility, detoxification center, day treatment facility or such other facility as the authority determines suitable, any of which may provide diagnosis and evaluation, medical care, detoxification, social services or rehabilitation for committed mentally ill persons.

(e) “Mentally ill person” means a person who, because of a mental disorder, is one or more of the following:

(A) Dangerous to self or others.

(B) Unable to provide for basic personal needs and is not receiving such care as is necessary for health or safety.

(C) A person:

(i) With a chronic mental illness, as defined in ORS 426.495;

(ii) Who, within the previous three years, has twice been placed in a hospital or approved inpatient facility by the authority **or the Department of Human Services** under ORS 426.060;

(iii) Who is exhibiting symptoms or behavior substantially similar to those that preceded and led to one or more of the hospitalizations or inpatient placements referred to in sub-subparagraph (ii) of this subparagraph; and

(iv) Who, unless treated, will continue, to a reasonable medical probability, to physically or mentally deteriorate so that the person will become a person described under either subparagraph (A) or (B) of this paragraph or both.

(f) “Nonhospital facility” means any facility, other than a hospital, that is approved by the authority to provide adequate security, psychiatric, nursing and other services to persons under ORS 426.232 or 426.233.

(g) “Prehearing period of detention” means a period of time calculated from the initiation of custody during which a person may be detained under ORS 426.228, 426.231, 426.232 or 426.233.

(2) Whenever a community mental health program director, director of the facility, superintendent of a state hospital or administrator of a facility is referred to, the reference includes any designee such person has designated to act on the person’s behalf in the exercise of duties.

**SECTION 161.** ORS 426.129 is amended to read:

426.129. *[On or before January 1, 2010, the Department of Human Services shall establish a position to act]* **The Oregon Health Authority shall employ at least one individual to serve** as a liaison between the *[department]* **authority** and communities in which the *[department]* **authority** plans to establish housing for persons conditionally released by the Psychiatric Security Review Board or for persons with mental illness.

**SECTION 162.** ORS 426.250 is amended to read:

426.250. The following is a nonexclusive list of responsibilities for payment of various costs related to commitment proceedings under this chapter *[and ORS 430.397 to 430.401]* as described:

(1) Any physician or qualified person recommended by the Oregon Health Authority who is employed under ORS 426.110 to make an examination as to the mental condition of a person alleged to be mentally ill shall be allowed a fee as the court in its discretion determines reasonable for the examination.

(2) Witnesses subpoenaed to give testimony shall receive the same fees as are paid in criminal

cases, and are subject to compulsory attendance in the same manner as provided in ORS 136.567 to 136.603. The attendance of out-of-state witnesses may be secured in the same manner as provided in ORS 136.623 to 136.637. The party who subpoenas the witness or requests the court to subpoena the witness is responsible for payment of the cost of the subpoena and payment for the attendance of the witness at a hearing. When the witness has been subpoenaed on behalf of an allegedly mentally ill person who is represented by appointed counsel, the fees and costs allowed for that witness shall be paid pursuant to ORS 135.055. If the costs of witnesses subpoenaed by the allegedly mentally ill person are paid as provided under this subsection, the procedure for subpoenaing witnesses shall comply with ORS 136.570.

(3) If a person with a right to a counsel under ORS 426.100 is determined to be financially eligible for appointed counsel at state expense, the public defense services executive director shall determine and pay, as provided in ORS 135.055, the reasonable expenses related to the representation of the person and compensation for legal counsel. The expenses and compensation so allowed shall be paid by the public defense services executive director from funds available for the purpose.

(4) The authority shall pay the costs of expenses incurred under ORS 426.100 by the Attorney General's office. Any costs for district attorneys or other counsel appointed to assume responsibility for presenting the state's case shall be paid by the county where the commitment hearing is held, subject to reimbursement under ORS 426.310.

(5) All costs incurred in connection with a proceeding under ORS 426.200, including the costs of transportation, commitment and delivery of the person, shall be paid by the county of which the person is a resident; or, if the person is not a resident of this state, then by the county from which the emergency admission was made.

(6) All costs incurred in connection with a proceeding under ORS 426.180 for the commitment of a person from a reservation for land-based tribes of Native Americans, including the cost of transportation, commitment and delivery of the person, shall be paid by the ruling body of the reservation of which the person is a resident.

**SECTION 163.** ORS 426.275 is amended to read:

426.275. The following are applicable to placements of mentally ill persons that are made as conditional release under ORS 426.125, outpatient commitments under ORS 426.127 or trial visits under ORS 426.273 as described:

(1) If the person responsible under this subsection determines that the mentally ill person is failing to adhere to the terms and conditions of the placement, the responsible person shall notify the court having jurisdiction that the mentally ill person is not adhering to the terms and conditions of the placement. If the placement is an outpatient commitment under ORS 426.127 or a trial visit under ORS 426.273, the notifications shall include a copy of the conditions for the placement. The person responsible for notifying the court under this subsection is as follows:

(a) For conditional releases under ORS 426.125, the guardian, relative or friend in whose care the mentally ill person is conditionally released.

(b) For outpatient commitments under ORS 426.127, the community mental health program director, or designee of the director, of the county in which the person on outpatient commitment lives.

(c) For trial visits under ORS 426.273, the community mental health program director, or designee of the director, of the county in which the person on trial visit is to receive outpatient treatment.

(2) On its own motion, the court with jurisdiction of a mentally ill person on such placement

1 may cause the person to be brought before it for a hearing to determine whether the person is or  
 2 is not adhering to the terms and conditions of the placement. The person shall have the same rights  
 3 with respect to notice, detention stay, hearing and counsel as for a hearing held under ORS 426.095.  
 4 The court shall hold the hearing within five judicial days of the date the mentally ill person receives  
 5 notice under this section. The court may allow postponement and detention during postponement as  
 6 provided under ORS 426.095.

7 (3) Pursuant to the determination of the court upon hearing under this section, a person on  
 8 placement shall either continue the placement on the same or modified conditions or shall be re-  
 9 turned to the Oregon Health Authority for involuntary care and treatment on an inpatient basis  
 10 subject to discharge at the end of the commitment period or as otherwise provided under this  
 11 chapter [and ORS 430.397 to 430.401].

12 (4) If the person on placement is living in a county other than the county of the court that es-  
 13 tablished the current period of commitment under ORS 426.130 during which the trial visit, condi-  
 14 tional release or outpatient commitment takes place, the court establishing the current period of  
 15 commitment shall transfer jurisdiction to the appropriate court of the county in which the person  
 16 is living while on the placement and the court receiving the transfer shall accept jurisdiction.

17 (5) The court may proceed as provided in ORS 426.307 or this section when the court:

18 (a) Receives notice under ORS 426.070 or 426.228 to 426.235; and

19 (b) Determines that the person is a mentally ill person on conditional release under ORS 426.125,  
 20 outpatient commitment under ORS 426.127 or trial visit under ORS 426.273.

21 **SECTION 164.** ORS 426.495 is amended to read:

22 426.495. (1) As used in ORS 426.490 to 426.500, unless the context requires otherwise:

23 (a) "Case manager" means a person who works on a continuing basis with a person with a  
 24 chronic mental illness and is responsible for assuring the continuity of the various services called  
 25 for in the discharge plan of the person with a chronic mental illness including services for basic  
 26 personal maintenance, mental and personal treatment, and appropriate education and employment.

27 (b) "Discharge plan" means a written plan prepared jointly with the person with a chronic  
 28 mental illness, mental health staff and case manager prior to discharge, prescribing for the basic  
 29 and special needs of the person upon release from the hospital.

30 (c) "Person with a chronic mental illness" means an individual who is:

31 (A) Eighteen years of age or older; and

32 (B) Diagnosed by a psychiatrist, a licensed clinical psychologist or a nonmedical examiner cer-  
 33 tified by the Oregon Health Authority **or the Department of Human Services** as having chronic  
 34 schizophrenia, a chronic major affective disorder, a chronic paranoid disorder or another chronic  
 35 psychotic mental disorder other than those caused by substance abuse.

36 (2) For purposes of providing services in the community, the authority may adopt rules consist-  
 37 ent with accepted professional practices in the fields of psychology and psychiatry to specify other  
 38 criteria for determining who is a person with a chronic mental illness.

39 **SECTION 165.** ORS 427.005 is amended to read:

40 427.005. As used in this chapter:

41 (1) "Adaptive behavior" means the effectiveness or degree with which an individual meets the  
 42 standards of personal independence and social responsibility expected for age and cultural group.

43 (2) "Care" means:

44 (a) Supportive services, including, but not limited to, provision of room and board;

45 (b) Supervision;

(c) Protection; and

(d) Assistance in bathing, dressing, grooming, eating, management of money, transportation or recreation.

(3) "Community developmental disabilities program director" means the director of an entity that provides services described in [ORS 430.630] **section 174 of this 2011 Act** to persons with [mental retardation or other] developmental disabilities.

**(4) "Developmental disability" means an intellectual disability, autism, cerebral palsy, epilepsy or other neurological condition diagnosed by a qualified professional that:**

**(a) Originates before an individual is 22 years of age, or 18 years of age for an intellectual disability;**

**(b) Directly affects the brain and is expected to continue indefinitely;**

**(c) Results in a significant impairment in adaptive behavior as measured by a qualified professional; and**

**(d) Is not attributed primarily to a mental or emotional disorder, sensory impairment, substance abuse, personality disorder, learning disability or attention deficit hyperactivity disorder.**

[(4)] (5) "Developmental period" means the period of time between birth and the 18th birthday.

[(5)] (6) "Director of the facility" means the superintendent of a state training center, or the person in charge of care, treatment and training programs at other facilities.

[(6)] (7) "Facility" means a state training center, community hospital, group home, activity center, intermediate care facility, community mental health clinic, or such other facility or program as the Department of Human Services approves to provide necessary services to persons with mental retardation.

[(7)] (8) "Incapacitated" means a person is unable, without assistance, to properly manage or take care of personal affairs or is incapable, without assistance, of self-care.

[(8)] (9) "Independence" means the extent to which persons with mental retardation or developmental disabilities exert control and choice over their own lives.

[(9)] (10) "Integration" means:

(a) Use by persons with mental retardation or developmental disabilities of the same community resources that are used by and available to other persons;

(b) Participation by persons with mental retardation or developmental disabilities in the same community activities in which persons without disabilities participate, together with regular contact with persons without disabilities; and

(c) Residence by persons with developmental disabilities in homes or in home-like settings that are in proximity to community resources, together with regular contact with persons without disabilities in their community.

[(10)] (11) "Intellectual functioning" means functioning as assessed by one or more of the individually administered general intelligence tests developed for the purpose.

[(11)] (12) "Mental retardation" means significantly subaverage general intellectual functioning existing concurrently with deficits in adaptive behavior and manifested during the developmental period. Persons of borderline intelligence may be considered to have mental retardation if there is also serious impairment of adaptive behavior. Definitions and classifications shall be consistent with the "Manual on Terminology and Classification in Mental Retardation" of the American Association on Mental Deficiency. Mental retardation is synonymous with mental deficiency.

[(12)] (13) "Minor" means an unmarried person under 18 years of age.

1       [(13)] (14) "Physician" means a person licensed by the Oregon Medical Board to practice medi-  
2       cine and surgery.

3       [(14)] (15) "Productivity" means engagement in income-producing work by a person with mental  
4       retardation or a developmental disability which is measured through improvements in income level,  
5       employment status or job advancement or engagement by a person with mental retardation or a  
6       developmental disability in work contributing to a household or community.

7       [(15)] (16) "Resident" means a person admitted to a state training center either voluntarily or  
8       after commitment to the department.

9       [(16)] (17) "Significantly subaverage" means a score on a test of intellectual functioning that is  
10       two or more standard deviations below the mean for the test.

11       [(17)] (18) "State training center" means [*Eastern Oregon Training Center and*] any [*other*] facil-  
12       ity operated by the department for the care, treatment and training of persons with mental retar-  
13       dation.

14       [(18)] (19) "Training" means:

15       (a) The systematic, planned maintenance, development or enhancement of self-care, social or  
16       independent living skills; or

17       (b) The planned sequence of systematic interactions, activities, structured learning situations  
18       or education designed to meet each resident's specified needs in the areas of physical, emotional,  
19       intellectual and social growth.

20       [(19)] (20) "Treatment" means the provision of specific physical, mental, social interventions and  
21       therapies which halt, control or reverse processes that cause, aggravate or complicate malfunctions  
22       or dysfunctions.

23       **SECTION 166.** ORS 430.021 is amended to read:

24       430.021. Subject to ORS 417.300 and 417.305:

25       (1) The Department of Human Services shall:

26       (a) Direct, promote, correlate and coordinate all the activities, duties and direct services for  
27       persons with [*mental retardation or*] developmental disabilities.

28       (b) Promote, correlate and coordinate the developmental disabilities activities of all govern-  
29       mental organizations throughout the state in which there is any direct contact with developmental  
30       disabilities programs.

31       (c) Establish, coordinate, assist and direct a community developmental disabilities program in  
32       cooperation with local government units and integrate such a program with the state developmental  
33       disabilities program.

34       (d) Promote public education in this state concerning developmental disabilities and act as the  
35       liaison center for work with all interested public and private groups and agencies in the field of  
36       developmental disabilities services.

37       (2) The Oregon Health Authority shall:

38       (a) Direct, promote, correlate and coordinate all the activities, duties and direct services for  
39       persons with mental or emotional disturbances, alcoholism or drug dependence.

40       (b) Promote, correlate and coordinate the mental health activities of all governmental organ-  
41       izations throughout the state in which there is any direct contact with mental health programs.

42       (c) Establish, coordinate, assist and direct a community mental health program in cooperation  
43       with local government units and integrate such a program with the state mental health program.

44       (d) Promote public education in this state concerning mental health and act as the liaison center  
45       for work with all interested public and private groups and agencies in the field of mental health

1 services.

2 (3) The department and the authority shall develop cooperative programs with interested private  
3 groups throughout the state to effect better community awareness and action in the fields of mental  
4 health and developmental disabilities, and encourage and assist in all necessary ways community  
5 general hospitals to establish psychiatric services.

6 (4) To the greatest extent possible, the least costly settings for treatment, outpatient services  
7 and residential facilities shall be widely available and utilized except when contraindicated because  
8 of individual health care needs. State agencies that purchase treatment for mental or emotional  
9 disturbances shall develop criteria consistent with this policy. In reviewing applications for certifi-  
10 cates of need, the Director of the Oregon Health Authority shall take this policy into account.

11 (5) The department and the authority shall accept the custody of persons committed to its care  
12 by the courts of this state.

13 (6) The authority shall adopt rules to require a facility and a nonhospital facility as those terms  
14 are defined in ORS 426.005, and a provider that employs a person described in ORS 426.415, if sub-  
15 ject to authority rules regarding the use of restraint or seclusion during the course of mental health  
16 treatment of a child or adult, to report to the authority each calendar quarter the number of inci-  
17 dents involving the use of restraint or seclusion. The aggregate data shall be made available to the  
18 public.

19 **SECTION 167.** ORS 430.205 is amended to read:

20 430.205. As used in this section and ORS 430.210:

21 (1) "Facility" means any of the following that are licensed or certified by the Department of  
22 Human Services or the Oregon Health Authority or that contract with the department or authority  
23 for the provision of services:

24 (a) A health care facility as defined in ORS 442.015;

25 (b) A domiciliary care facility as defined in ORS 443.205;

26 (c) A residential facility as defined in ORS 443.400; or

27 (d) An adult foster home as defined in ORS 443.705.

28 (2) "Person" means an individual who has a mental illness or developmental disability and re-  
29 ceives services from a program or facility.

30 (3) "Program" means a community mental health program or a community developmental disa-  
31 bilities program as described in ORS 430.610 to 430.695 and agencies with which the program con-  
32 tracts to provide services.

33 (4) "Services" means mental health services or developmental disabilities services provided un-  
34 der ORS 430.630 **or section 174 of this 2011 Act.**

35 **SECTION 168.** ORS 430.210 is amended to read:

36 430.210. (1) While receiving services, every person shall have the right to:

37 (a) Choose from available services those which are appropriate, consistent with the plan devel-  
38 oped in accordance with paragraphs (b) and (c) of this subsection and provided in a setting and  
39 under conditions that are least restrictive to the person's liberty, that are least intrusive to the  
40 person and that provide for the greatest degree of independence.

41 (b) An individualized written service plan, services based upon that plan and periodic review  
42 and reassessment of service needs.

43 (c) Ongoing participation in planning of services in a manner appropriate to the person's capa-  
44 bilities, including the right to participate in the development and periodic revision of the plan de-  
45 scribed in paragraph (b) of this subsection, and the right to be provided with a reasonable

1 explanation of all service considerations.

2 (d) Not receive services without informed voluntary written consent except in a medical emer-  
3 gency or as otherwise permitted by law.

4 (e) Not participate in experimentation without informed voluntary written consent.

5 (f) Receive medication only for the person's individual clinical needs.

6 (g) Not be involuntarily terminated or transferred from services without prior notice, notifica-  
7 tion of available sources of necessary continued services and exercise of a grievance procedure.

8 (h) A humane service environment that affords reasonable protection from harm, reasonable  
9 privacy and daily access to fresh air and the outdoors, except that such access may be limited when  
10 it would create significant risk of harm to the person or others.

11 (i) Be free from abuse or neglect and to report any incident of abuse without being subject to  
12 retaliation.

13 (j) Religious freedom.

14 (k) Not be required to perform labor, except personal housekeeping duties, without reasonable  
15 and lawful compensation.

16 (L) Visit with family members, friends, advocates and legal and medical professionals.

17 (m) Exercise all rights set forth in ORS 427.031 if the individual is committed to the Department  
18 of Human Services.

19 (n) Exercise all rights set forth in ORS 426.385 if the individual is committed to the Oregon  
20 Health Authority.

21 (o) Be informed at the start of services and periodically thereafter of the rights guaranteed by  
22 this section and the procedures for reporting abuse, and to have these rights and procedures, in-  
23 cluding the name, address and telephone number of the system described in ORS 192.517 (1), promi-  
24 nently posted in a location readily accessible to the person and made available to the person's  
25 guardian and any representative designated by the person.

26 (p) Assert grievances with respect to infringement of the rights described in this section, in-  
27 cluding the right to have such grievances considered in a fair, timely and impartial grievance pro-  
28 cedure.

29 (q) Have access to and communicate privately with any public or private rights protection pro-  
30 gram or rights advocate.

31 (r) Exercise all rights described in this section without any form of reprisal or punishment.

32 (2) An individual who is receiving developmental disability services under [ORS 430.630] **section**  
33 **174 of this 2011 Act** has the right to be informed and have the individual's guardian and any rep-  
34 resentative designated by the individual be informed that a family member has contacted the De-  
35 partment of Human Services to determine the location of the individual, and to be informed of the  
36 name and contact information, if known, of the family member.

37 (3) The rights described in this section are in addition to, and do not limit, all other statutory  
38 and constitutional rights which are afforded all citizens including, but not limited to, the right to  
39 vote, marry, have or not have children, own and dispose of property, enter into contracts and exe-  
40 cute documents.

41 (4) The rights described in this section may be asserted and exercised by the person, the  
42 person's guardian and any representative designated by the person.

43 (5) Nothing in this section may be construed to alter any legal rights and responsibilities be-  
44 tween parent and child.

45 **SECTION 169.** ORS 430.397 is amended to read:

1       430.397. Any person may voluntarily apply for admission to any treatment facility[, *as defined*  
 2 *in ORS 430.306,*] operated pursuant to rules of the Oregon Health Authority. The director of the  
 3 treatment facility shall determine whether the person shall be admitted as a patient, or referred to  
 4 another appropriate treatment facility or denied referral or admission. If the person is under 18  
 5 years of age or an incompetent, the director of the treatment facility shall notify the person's par-  
 6 ents or guardian of the admission or referral.

7       **SECTION 170.** ORS 430.610 is amended to read:

8       430.610. It is declared to be the policy and intent of the Legislative Assembly that:

9       (1) Subject to the availability of funds, services should be available to all persons with mental  
 10 or emotional disturbances, [*mental retardation,*] developmental disabilities, alcoholism or drug de-  
 11 pendence, and persons who are alcohol or drug abusers, regardless of age, county of residence or  
 12 ability to pay;

13       (2) The Department of Human Services, the Oregon Health Authority and other state agencies  
 14 shall conduct their activities in the least costly and most efficient manner so that delivery of ser-  
 15 vices to persons with mental or emotional disturbances, [*mental retardation,*] developmental disabil-  
 16 ities, alcoholism or drug dependence, and persons who are alcohol or drug abusers, shall be effective  
 17 and coordinated;

18       (3) To the greatest extent possible, mental health and developmental disabilities services shall  
 19 be delivered in the community where the person lives in order to achieve maximum coordination of  
 20 services and minimum disruption in the life of the person; and

21       (4) The State of Oregon shall encourage, aid and financially assist its county governments in the  
 22 establishment and development of community mental health programs or community developmental  
 23 disabilities programs, including but not limited to, treatment and rehabilitation services for persons  
 24 with mental or emotional disturbances, [*mental retardation,*] developmental disabilities, alcoholism  
 25 or drug dependence, and persons who are alcohol or drug abusers, and prevention of these problems  
 26 through county administered community mental health programs or community developmental disa-  
 27 bilities programs.

28       **SECTION 171.** ORS 430.630 is amended to read:

29       430.630. (1) In addition to any other requirements that may be established by rule by the Oregon  
 30 Health Authority, each community mental health program [*and community developmental disabilities*  
 31 *program*], subject to the availability of funds, shall provide the following basic services to persons  
 32 with [*mental retardation, developmental disabilities,*] alcoholism or drug dependence, and persons who  
 33 are alcohol or drug abusers:

34       (a) Outpatient services;

35       (b) Aftercare for persons released from hospitals [*and training centers*];

36       (c) Training, case and program consultation and education for community agencies, related  
 37 professions and the public;

38       (d) Guidance and assistance to other human service agencies for joint development of prevention  
 39 programs and activities to reduce factors causing [*mental retardation, developmental disabilities,*] al-  
 40 cohool abuse, alcoholism, drug abuse and drug dependence; and

41       (e) Age-appropriate treatment options for older adults.

42       (2) As alternatives to state hospitalization, it is the responsibility of the community mental  
 43 health [*or community developmental disabilities*] program to ensure that, subject to the availability  
 44 of funds, the following services for persons with [*mental retardation, developmental disabilities,*]  
 45 alcoholism or drug dependence, and persons who are alcohol or drug abusers, are available when

needed and approved by the Oregon Health Authority:

(a) Emergency services on a 24-hour basis, such as telephone consultation, crisis intervention and prehospital screening examination;

(b) Care and treatment for a portion of the day or night, which may include day treatment centers, work activity centers and *[preschool]* **after-school** programs;

(c) Residential care and treatment in facilities such as halfway houses, detoxification centers and other community living facilities;

(d) Continuity of care, such as that provided by service coordinators, community case development specialists and core staff of federally assisted community mental health centers;

(e) Inpatient treatment in community hospitals; and

(f) Other alternative services to state hospitalization as defined by *[the Department of Human Services or]* the Oregon Health Authority.

(3) In addition to any other requirements that may be established by rule of the Oregon Health Authority, each community mental health program, subject to the availability of funds, shall provide or ensure the provision of the following services to persons with mental or emotional disturbances:

(a) Screening and evaluation to determine the client's service needs;

(b) Crisis stabilization to meet the needs of persons with acute mental or emotional disturbances, including the costs of investigations and prehearing detention in community hospitals or other facilities approved by the authority for persons involved in involuntary commitment procedures;

(c) Vocational and social services that are appropriate for the client's age, designed to improve the client's vocational, social, educational and recreational functioning;

(d) Continuity of care to link the client to housing and appropriate and available health and social service needs;

(e) Psychiatric care in state and community hospitals, subject to the provisions of subsection (4) of this section;

(f) Residential services;

(g) Medication monitoring;

(h) Individual, family and group counseling and therapy;

(i) Public education and information;

(j) Prevention of mental or emotional disturbances and promotion of mental health;

(k) Consultation with other community agencies;

(L) Preventive mental health services for children and adolescents, including primary prevention efforts, early identification and early intervention services. Preventive services should be patterned after service models that have demonstrated effectiveness in reducing the incidence of emotional, behavioral and cognitive disorders in children. As used in this paragraph:

(A) "Early identification" means detecting emotional disturbance in its initial developmental stage;

(B) "Early intervention services" for children at risk of later development of emotional disturbances means programs and activities for children and their families that promote conditions, opportunities and experiences that encourage and develop emotional stability, self-sufficiency and increased personal competence; and

(C) "Primary prevention efforts" means efforts that prevent emotional problems from occurring by addressing issues early so that disturbances do not have an opportunity to develop; and

(m) Preventive mental health services for older adults, including primary prevention efforts, early identification and early intervention services. Preventive services should be patterned after

1 service models that have demonstrated effectiveness in reducing the incidence of emotional and be-  
 2 havioral disorders and suicide attempts in older adults. As used in this paragraph:

3 (A) "Early identification" means detecting emotional disturbance in its initial developmental  
 4 stage;

5 (B) "Early intervention services" for older adults at risk of development of emotional disturb-  
 6 ances means programs and activities for older adults and their families that promote conditions,  
 7 opportunities and experiences that encourage and maintain emotional stability, self-sufficiency and  
 8 increased personal competence and that deter suicide; and

9 (C) "Primary prevention efforts" means efforts that prevent emotional problems from occurring  
 10 by addressing issues early so that disturbances do not have an opportunity to develop.

11 (4) A community mental health program shall assume responsibility for psychiatric care in state  
 12 and community hospitals, as provided in subsection (3)(e) of this section, in the following circum-  
 13 stances:

14 (a) The person receiving care is a resident of the county served by the program. For purposes  
 15 of this paragraph, "resident" means the resident of a county in which the person maintains a current  
 16 mailing address or, if the person does not maintain a current mailing address within the state, the  
 17 county in which the person is found, or the county in which a court-committed person with a mental  
 18 illness has been conditionally released.

19 (b) The person has been hospitalized involuntarily or voluntarily, pursuant to ORS 426.130 or  
 20 426.220, except for persons confined to the Secure Child and Adolescent Treatment Unit at Oregon  
 21 State Hospital, or has been hospitalized as the result of a revocation of conditional release.

22 (c) Payment is made for the first 60 consecutive days of hospitalization.

23 (d) The hospital has collected all available patient payments and third-party reimbursements.

24 (e) In the case of a community hospital, the authority has approved the hospital for the care of  
 25 persons with mental or emotional disturbances, the community mental health program has a con-  
 26 tract with the hospital for the psychiatric care of residents and a representative of the program  
 27 approves voluntary or involuntary admissions to the hospital prior to admission.

28 *[(5) Subject to the review and approval of the Department of Human Services, a developmental*  
 29 *disabilities program may initiate additional services after the services defined in this section are pro-*  
 30 *vided.]*

31 *[(6)]* (5) Subject to the review and approval of the Oregon Health Authority, a mental health  
 32 program may initiate additional services after the services defined in this section are provided.

33 *[(7)]* (6) Each community mental health program *[and community developmental disabilities pro-*  
 34 *gram]* and the state hospital serving the program's geographic area shall enter into a written  
 35 agreement concerning the policies and procedures to be followed by the program and the hospital  
 36 when a patient is admitted to, and discharged from, the hospital and during the period of  
 37 hospitalization.

38 *[(8)]* (7) Each community mental health program shall have a mental health advisory committee,  
 39 appointed by the board of county commissioners or the county court or, if two or more counties  
 40 have combined to provide mental health services, the boards or courts of the participating counties  
 41 or, in the case of a Native American reservation, the tribal council.

42 *[(9)]* (8) A community mental health program may request and the authority may grant a waiver  
 43 regarding provision of one or more of the services described in subsection (3) of this section upon  
 44 a showing by the county and a determination by the authority that persons with mental or emotional  
 45 disturbances in that county would be better served and unnecessary institutionalization avoided.

1       [(10)] (9) Each community mental health program shall cooperate fully with the Alcohol and  
2 Drug Policy Commission in the performance of its duties.

3       [(11)(a)] (10)(a) As used in this subsection, “local mental health authority” means one of the  
4 following entities:

5       (A) The board of county commissioners of one or more counties that establishes or operates a  
6 community mental health program;

7       (B) The tribal council, in the case of a federally recognized tribe of Native Americans that elects  
8 to enter into an agreement to provide mental health services; or

9       (C) A regional local mental health authority [*comprised of*] **comprising** two or more boards of  
10 county commissioners.

11       (b) Each local mental health authority that provides mental health services shall determine the  
12 need for local mental health services and adopt a comprehensive local plan for the delivery of  
13 mental health services for children, families, adults and older adults that describes the methods by  
14 which the local mental health authority shall provide those services. The local mental health au-  
15 thority shall review and revise the local plan biennially. The purpose of the local plan is to create  
16 a blueprint to provide mental health services that are directed by and responsive to the mental  
17 health needs of individuals in the community served by the local plan.

18       (c) The local plan shall identify ways to:

19       (A) Coordinate and ensure accountability for all levels of care described in paragraph (e) of this  
20 subsection;

21       (B) Maximize resources for consumers and minimize administrative expenses;

22       (C) Provide supported employment and other vocational opportunities for consumers;

23       (D) Determine the most appropriate service provider among a range of qualified providers;

24       (E) Ensure that appropriate mental health referrals are made;

25       (F) Address local housing needs for persons with mental health disorders;

26       (G) Develop a process for discharge from state and local psychiatric hospitals and transition  
27 planning between levels of care or components of the system of care;

28       (H) Provide peer support services, including but not limited to drop-in centers and paid peer  
29 support;

30       (I) Provide transportation supports; and

31       (J) Coordinate services among the criminal and juvenile justice systems, adult and juvenile  
32 corrections systems and local mental health programs to ensure that persons with mental illness  
33 who come into contact with the justice and corrections systems receive needed care and to ensure  
34 continuity of services for adults and juveniles leaving the corrections system.

35       (d) When developing a local plan, a local mental health authority shall:

36       (A) Coordinate with the budgetary cycles of state and local governments that provide the local  
37 mental health authority with funding for mental health services;

38       (B) Involve consumers, advocates, families, service providers, schools and other interested par-  
39 ties in the planning process;

40       (C) Coordinate with the local public safety coordinating council to address the services de-  
41 scribed in paragraph (c)(J) of this subsection;

42       (D) Conduct a population based needs assessment to determine the types of services needed lo-  
43 cally;

44       (E) Determine the ethnic, age-specific, cultural and diversity needs of the population served by  
45 the local plan;

(F) Describe the anticipated outcomes of services and the actions to be achieved in the local plan;

(G) Ensure that the local plan coordinates planning, funding and services with:

(i) The educational needs of children, adults and older adults;

(ii) Providers of social supports, including but not limited to housing, employment, transportation and education; and

(iii) Providers of physical health and medical services;

(H) Describe how funds, other than state resources, may be used to support and implement the local plan;

(I) Demonstrate ways to integrate local services and administrative functions in order to support integrated service delivery in the local plan; and

(J) Involve the local mental health advisory committees described in subsection [(8)] (7) of this section.

(e) The local plan must describe how the local mental health authority will ensure the delivery of and be accountable for clinically appropriate services in a continuum of care based on consumer needs. The local plan shall include, but not be limited to, services providing the following levels of care:

(A) Twenty-four-hour crisis services;

(B) Secure and nonsecure extended psychiatric care;

(C) Secure and nonsecure acute psychiatric care;

(D) Twenty-four-hour supervised structured treatment;

(E) Psychiatric day treatment;

(F) Treatments that maximize client independence;

(G) Family and peer support and self-help services;

(H) Support services;

(I) Prevention and early intervention services;

(J) Transition assistance between levels of care;

(K) Dual diagnosis services;

(L) Access to placement in state-funded psychiatric hospital beds;

(M) Precommitment and civil commitment in accordance with ORS chapter 426; and

(N) Outreach to older adults at locations appropriate for making contact with older adults, including senior centers, long term care facilities and personal residences.

(f) In developing the part of the local plan referred to in paragraph (c)(J) of this subsection, the local mental health authority shall collaborate with the local public safety coordinating council to address the following:

(A) Training for all law enforcement officers on ways to recognize and interact with persons with mental illness, for the purpose of diverting them from the criminal and juvenile justice systems;

(B) Developing voluntary locked facilities for crisis treatment and follow-up as an alternative to custodial arrests;

(C) Developing a plan for sharing a daily jail and juvenile detention center custody roster and the identity of persons of concern and offering mental health services to those in custody;

(D) Developing a voluntary diversion program to provide an alternative for persons with mental illness in the criminal and juvenile justice systems; and

(E) Developing mental health services, including housing, for persons with mental illness prior to and upon release from custody.

(g) Services described in the local plan shall:

(A) Address the vision, values and guiding principles described in the Report to the Governor from the Mental Health Alignment Workgroup, January 2001;

(B) Be provided to children, older adults and families as close to their homes as possible;

(C) Be culturally appropriate and competent;

(D) Be, for children, older adults and adults with mental health needs, from providers appropriate to deliver those services;

(E) Be delivered in an integrated service delivery system with integrated service sites or processes, and with the use of integrated service teams;

(F) Ensure consumer choice among a range of qualified providers in the community;

(G) Be distributed geographically;

(H) Involve consumers, families, clinicians, children and schools in treatment as appropriate;

(I) Maximize early identification and early intervention;

(J) Ensure appropriate transition planning between providers and service delivery systems, with an emphasis on transition between children and adult mental health services;

(K) Be based on the ability of a client to pay;

(L) Be delivered collaboratively;

(M) Use age-appropriate, research-based quality indicators;

(N) Use best-practice innovations; and

(O) Be delivered using a community-based, multisystem approach.

(h) A local mental health authority shall submit to the Oregon Health Authority a copy of the local plan and biennial revisions adopted under paragraph (b) of this subsection at time intervals established by the authority.

(i) Each local commission on children and families shall reference the local plan for the delivery of mental health services in the local coordinated comprehensive plan created pursuant to ORS 417.775.

**SECTION 172.** ORS 430.630, as amended by section 23, chapter 856, Oregon Laws 2009, is amended to read:

430.630. (1) In addition to any other requirements that may be established by rule by the Oregon Health Authority, each community mental health program [*and community developmental disabilities program*], subject to the availability of funds, shall provide the following basic services to persons with [*mental retardation, developmental disabilities,*] alcoholism or drug dependence, and persons who are alcohol or drug abusers:

(a) Outpatient services;

(b) Aftercare for persons released from hospitals [*and training centers*];

(c) Training, case and program consultation and education for community agencies, related professions and the public;

(d) Guidance and assistance to other human service agencies for joint development of prevention programs and activities to reduce factors causing [*mental retardation, developmental disabilities,*] alcohol abuse, alcoholism, drug abuse and drug dependence; and

(e) Age-appropriate treatment options for older adults.

(2) As alternatives to state hospitalization, it is the responsibility of the community mental health [*or community developmental disabilities*] program to ensure that, subject to the availability of funds, the following services for persons with [*mental retardation, developmental disabilities,*] alcoholism or drug dependence, and persons who are alcohol or drug abusers, are available when

needed and approved by the Oregon Health Authority:

(a) Emergency services on a 24-hour basis, such as telephone consultation, crisis intervention and prehospital screening examination;

(b) Care and treatment for a portion of the day or night, which may include day treatment centers, work activity centers and *[preschool]* **after-school** programs;

(c) Residential care and treatment in facilities such as halfway houses, detoxification centers and other community living facilities;

(d) Continuity of care, such as that provided by service coordinators, community case development specialists and core staff of federally assisted community mental health centers;

(e) Inpatient treatment in community hospitals; and

(f) Other alternative services to state hospitalization as defined by *[the Department of Human Services or]* the Oregon Health Authority.

(3) In addition to any other requirements that may be established by rule of the Oregon Health Authority, each community mental health program, subject to the availability of funds, shall provide or ensure the provision of the following services to persons with mental or emotional disturbances:

(a) Screening and evaluation to determine the client's service needs;

(b) Crisis stabilization to meet the needs of persons with acute mental or emotional disturbances, including the costs of investigations and prehearing detention in community hospitals or other facilities approved by the authority for persons involved in involuntary commitment procedures;

(c) Vocational and social services that are appropriate for the client's age, designed to improve the client's vocational, social, educational and recreational functioning;

(d) Continuity of care to link the client to housing and appropriate and available health and social service needs;

(e) Psychiatric care in state and community hospitals, subject to the provisions of subsection (4) of this section;

(f) Residential services;

(g) Medication monitoring;

(h) Individual, family and group counseling and therapy;

(i) Public education and information;

(j) Prevention of mental or emotional disturbances and promotion of mental health;

(k) Consultation with other community agencies;

(L) Preventive mental health services for children and adolescents, including primary prevention efforts, early identification and early intervention services. Preventive services should be patterned after service models that have demonstrated effectiveness in reducing the incidence of emotional, behavioral and cognitive disorders in children. As used in this paragraph:

(A) "Early identification" means detecting emotional disturbance in its initial developmental stage;

(B) "Early intervention services" for children at risk of later development of emotional disturbances means programs and activities for children and their families that promote conditions, opportunities and experiences that encourage and develop emotional stability, self-sufficiency and increased personal competence; and

(C) "Primary prevention efforts" means efforts that prevent emotional problems from occurring by addressing issues early so that disturbances do not have an opportunity to develop; and

(m) Preventive mental health services for older adults, including primary prevention efforts, early identification and early intervention services. Preventive services should be patterned after

1 service models that have demonstrated effectiveness in reducing the incidence of emotional and be-  
 2 havioral disorders and suicide attempts in older adults. As used in this paragraph:

3 (A) "Early identification" means detecting emotional disturbance in its initial developmental  
 4 stage;

5 (B) "Early intervention services" for older adults at risk of development of emotional disturb-  
 6 ances means programs and activities for older adults and their families that promote conditions,  
 7 opportunities and experiences that encourage and maintain emotional stability, self-sufficiency and  
 8 increased personal competence and that deter suicide; and

9 (C) "Primary prevention efforts" means efforts that prevent emotional problems from occurring  
 10 by addressing issues early so that disturbances do not have an opportunity to develop.

11 (4) A community mental health program shall assume responsibility for psychiatric care in state  
 12 and community hospitals, as provided in subsection (3)(e) of this section, in the following circum-  
 13 stances:

14 (a) The person receiving care is a resident of the county served by the program. For purposes  
 15 of this paragraph, "resident" means the resident of a county in which the person maintains a current  
 16 mailing address or, if the person does not maintain a current mailing address within the state, the  
 17 county in which the person is found, or the county in which a court-committed person with a mental  
 18 illness has been conditionally released.

19 (b) The person has been hospitalized involuntarily or voluntarily, pursuant to ORS 426.130 or  
 20 426.220, except for persons confined to the Secure Child and Adolescent Treatment Unit at Oregon  
 21 State Hospital, or has been hospitalized as the result of a revocation of conditional release.

22 (c) Payment is made for the first 60 consecutive days of hospitalization.

23 (d) The hospital has collected all available patient payments and third-party reimbursements.

24 (e) In the case of a community hospital, the authority has approved the hospital for the care of  
 25 persons with mental or emotional disturbances, the community mental health program has a con-  
 26 tract with the hospital for the psychiatric care of residents and a representative of the program  
 27 approves voluntary or involuntary admissions to the hospital prior to admission.

28 *[(5) Subject to the review and approval of the Department of Human Services, a developmental*  
 29 *disabilities program may initiate additional services after the services defined in this section are pro-*  
 30 *vided.]*

31 *[(6)]* (5) Subject to the review and approval of the Oregon Health Authority, a mental health  
 32 program may initiate additional services after the services defined in this section are provided.

33 *[(7)]* (6) Each community mental health program *[and community developmental disabilities pro-*  
 34 *gram]* and the state hospital serving the program's geographic area shall enter into a written  
 35 agreement concerning the policies and procedures to be followed by the program and the hospital  
 36 when a patient is admitted to, and discharged from, the hospital and during the period of  
 37 hospitalization.

38 *[(8)]* (7) Each community mental health program shall have a mental health advisory committee,  
 39 appointed by the board of county commissioners or the county court or, if two or more counties  
 40 have combined to provide mental health services, the boards or courts of the participating counties  
 41 or, in the case of a Native American reservation, the tribal council.

42 *[(9)]* (8) A community mental health program may request and the authority may grant a waiver  
 43 regarding provision of one or more of the services described in subsection (3) of this section upon  
 44 a showing by the county and a determination by the authority that persons with mental or emotional  
 45 disturbances in that county would be better served and unnecessary institutionalization avoided.

1       [(10)(a)] **(9)(a)** As used in this subsection, “local mental health authority” means one of the fol-  
 2       lowing entities:

3       (A) The board of county commissioners of one or more counties that establishes or operates a  
 4       community mental health program;

5       (B) The tribal council, in the case of a federally recognized tribe of Native Americans that elects  
 6       to enter into an agreement to provide mental health services; or

7       (C) A regional local mental health authority [*comprised of*] **comprising** two or more boards of  
 8       county commissioners.

9       (b) Each local mental health authority that provides mental health services shall determine the  
 10      need for local mental health services and adopt a comprehensive local plan for the delivery of  
 11      mental health services for children, families, adults and older adults that describes the methods by  
 12      which the local mental health authority shall provide those services. The local mental health au-  
 13      thority shall review and revise the local plan biennially. The purpose of the local plan is to create  
 14      a blueprint to provide mental health services that are directed by and responsive to the mental  
 15      health needs of individuals in the community served by the local plan.

16      (c) The local plan shall identify ways to:

17      (A) Coordinate and ensure accountability for all levels of care described in paragraph (e) of this  
 18      subsection;

19      (B) Maximize resources for consumers and minimize administrative expenses;

20      (C) Provide supported employment and other vocational opportunities for consumers;

21      (D) Determine the most appropriate service provider among a range of qualified providers;

22      (E) Ensure that appropriate mental health referrals are made;

23      (F) Address local housing needs for persons with mental health disorders;

24      (G) Develop a process for discharge from state and local psychiatric hospitals and transition  
 25      planning between levels of care or components of the system of care;

26      (H) Provide peer support services, including but not limited to drop-in centers and paid peer  
 27      support;

28      (I) Provide transportation supports; and

29      (J) Coordinate services among the criminal and juvenile justice systems, adult and juvenile  
 30      corrections systems and local mental health programs to ensure that persons with mental illness  
 31      who come into contact with the justice and corrections systems receive needed care and to ensure  
 32      continuity of services for adults and juveniles leaving the corrections system.

33      (d) When developing a local plan, a local mental health authority shall:

34      (A) Coordinate with the budgetary cycles of state and local governments that provide the local  
 35      mental health authority with funding for mental health services;

36      (B) Involve consumers, advocates, families, service providers, schools and other interested par-  
 37      ties in the planning process;

38      (C) Coordinate with the local public safety coordinating council to address the services de-  
 39      scribed in paragraph (c)(J) of this subsection;

40      (D) Conduct a population based needs assessment to determine the types of services needed lo-  
 41      cally;

42      (E) Determine the ethnic, age-specific, cultural and diversity needs of the population served by  
 43      the local plan;

44      (F) Describe the anticipated outcomes of services and the actions to be achieved in the local  
 45      plan;

(G) Ensure that the local plan coordinates planning, funding and services with:

(i) The educational needs of children, adults and older adults;

(ii) Providers of social supports, including but not limited to housing, employment, transportation and education; and

(iii) Providers of physical health and medical services;

(H) Describe how funds, other than state resources, may be used to support and implement the local plan;

(I) Demonstrate ways to integrate local services and administrative functions in order to support integrated service delivery in the local plan; and

(J) Involve the local mental health advisory committees described in subsection [(8)] (7) of this section.

(e) The local plan must describe how the local mental health authority will ensure the delivery of and be accountable for clinically appropriate services in a continuum of care based on consumer needs. The local plan shall include, but not be limited to, services providing the following levels of care:

(A) Twenty-four-hour crisis services;

(B) Secure and nonsecure extended psychiatric care;

(C) Secure and nonsecure acute psychiatric care;

(D) Twenty-four-hour supervised structured treatment;

(E) Psychiatric day treatment;

(F) Treatments that maximize client independence;

(G) Family and peer support and self-help services;

(H) Support services;

(I) Prevention and early intervention services;

(J) Transition assistance between levels of care;

(K) Dual diagnosis services;

(L) Access to placement in state-funded psychiatric hospital beds;

(M) Precommitment and civil commitment in accordance with ORS chapter 426; and

(N) Outreach to older adults at locations appropriate for making contact with older adults, including senior centers, long term care facilities and personal residences.

(f) In developing the part of the local plan referred to in paragraph (c)(J) of this subsection, the local mental health authority shall collaborate with the local public safety coordinating council to address the following:

(A) Training for all law enforcement officers on ways to recognize and interact with persons with mental illness, for the purpose of diverting them from the criminal and juvenile justice systems;

(B) Developing voluntary locked facilities for crisis treatment and follow-up as an alternative to custodial arrests;

(C) Developing a plan for sharing a daily jail and juvenile detention center custody roster and the identity of persons of concern and offering mental health services to those in custody;

(D) Developing a voluntary diversion program to provide an alternative for persons with mental illness in the criminal and juvenile justice systems; and

(E) Developing mental health services, including housing, for persons with mental illness prior to and upon release from custody.

(g) Services described in the local plan shall:

(A) Address the vision, values and guiding principles described in the Report to the Governor

1 from the Mental Health Alignment Workgroup, January 2001;

2 (B) Be provided to children, older adults and families as close to their homes as possible;

3 (C) Be culturally appropriate and competent;

4 (D) Be, for children, older adults and adults with mental health needs, from providers appropriate to deliver those services;

5 (E) Be delivered in an integrated service delivery system with integrated service sites or processes, and with the use of integrated service teams;

6 (F) Ensure consumer choice among a range of qualified providers in the community;

7 (G) Be distributed geographically;

8 (H) Involve consumers, families, clinicians, children and schools in treatment as appropriate;

9 (I) Maximize early identification and early intervention;

10 (J) Ensure appropriate transition planning between providers and service delivery systems, with an emphasis on transition between children and adult mental health services;

11 (K) Be based on the ability of a client to pay;

12 (L) Be delivered collaboratively;

13 (M) Use age-appropriate, research-based quality indicators;

14 (N) Use best-practice innovations; and

15 (O) Be delivered using a community-based, multisystem approach.

16 (h) A local mental health authority shall submit to the Oregon Health Authority a copy of the local plan and biennial revisions adopted under paragraph (b) of this subsection at time intervals established by the authority.

17 (i) Each local commission on children and families shall reference the local plan for the delivery of mental health services in the local coordinated comprehensive plan created pursuant to ORS 417.775.

18 **SECTION 173. Section 174 of this 2011 Act is added to and made a part of ORS 430.610 to 430.695.**

19 **SECTION 174. (1) In addition to any other requirements that may be established by rule by the Department of Human Services, each community developmental disabilities program, subject to the availability of funds, shall provide or arrange for the provision of the following basic services to persons with developmental disabilities:**

20 (a) Eligibility determination for developmental disability services.

21 (b) Access to developmental disability services in homes, work sites or other locations that promote independence, productivity and integration into the community.

22 (c) Case management services.

23 (d) Abuse investigation and protective services.

24 (e) Planning and coordination of activities with other agencies or organizations to ensure the effective and efficient service delivery and use of resources.

25 (f) Establishing and implementing a process to respond to complaints and grievances.

26 (g) Other alternative services as prescribed by the department by rule.

27 (2) Each community developmental disabilities program shall have a written management plan that governs the program's operating structure, goals and activities.

28 (3) Each community developmental disabilities program shall have a developmental disability advisory committee.

29 (4) Subject to the review and approval of the department, a community developmental disabilities program may initiate additional services after the services described in this sec-

tion are provided.

**SECTION 175.** ORS 430.632 is amended to read:

430.632. A local mental health authority shall submit to the Oregon Health Authority by October 1 of each even-numbered year a report on the implementation of the comprehensive local plan adopted under ORS 430.630 [(11)] (10).

**SECTION 176.** ORS 430.632, as amended by section 24, chapter 856, Oregon Laws 2009, is amended to read:

430.632. A local mental health authority shall submit to the Oregon Health Authority by October 1 of each even-numbered year a report on the implementation of the comprehensive local plan adopted under ORS 430.630 [(10)] (9).

**SECTION 177.** ORS 430.640 is amended to read:

430.640. (1) The Oregon Health Authority, in carrying out the legislative policy declared in ORS 430.610, subject to the availability of funds, shall:

(a) Assist Oregon counties and groups of Oregon counties in the establishment and financing of community mental health programs operated or contracted for by one or more counties.

(b) If a county declines to operate or contract for a community mental health program, contract with another public agency or private corporation to provide the program. The county must be provided with an opportunity to review and comment.

(c) In an emergency situation when no community mental health program is operating within a county or when a county is unable to provide a service essential to public health and safety, operate the program or service on a temporary basis.

(d) At the request of the tribal council of a federally recognized tribe of Native Americans, contract with the tribal council for the establishment and operation of a community mental health program in the same manner in which the authority contracts with a county court or board of county commissioners.

(e) If a county agrees, contract with a public agency or private corporation for all services within one or more of the following program areas:

(A) Mental or emotional disturbances.

(B) Drug abuse.

(C) Alcohol abuse and alcoholism.

(f) Approve or disapprove the biennial plan and budget information for the establishment and operation of each community mental health program. Subsequent amendments to or modifications of an approved plan or budget information involving more than 10 percent of the state funds provided for services under ORS 430.630 may not be placed in effect without prior approval of the authority. However, an amendment or modification affecting 10 percent or less of state funds for services under ORS 430.630 within the portion of the program for persons with mental or emotional disturbances or within the portion for persons with alcohol or drug dependence may be made without authority approval.

(g) Make all necessary and proper rules to govern the establishment and operation of community mental health programs, including adopting rules defining the range and nature of the services which shall or may be provided under ORS 430.630.

(h) Collect data and evaluate services in the state hospitals in accordance with the same methods prescribed for community mental health programs under ORS 430.665.

(i) Develop guidelines that include, for the development of comprehensive local plans in consultation with local mental health authorities:

(A) The use of integrated services;

(B) The outcomes expected from services and programs provided;

(C) Incentives to reduce the use of state hospitals;

(D) Mechanisms for local sharing of risk for state hospitalization;

(E) The provision of clinically appropriate levels of care based on an assessment of the mental health needs of consumers;

(F) The transition of consumers between levels of care; and

(G) The development, maintenance and continuation of older adult mental health programs with mental health professionals trained in geriatrics.

(j) Work with local mental health authorities to provide incentives for community-based care whenever appropriate while simultaneously ensuring adequate statewide capacity.

(k) Provide technical assistance and information regarding state and federal requirements to local mental health authorities throughout the local planning process required under ORS 430.630 [(11)] (10).

(L) Provide incentives for local mental health authorities to enhance or increase vocational placements for adults with mental health needs.

(m) Develop or adopt nationally recognized system-level performance measures, linked to the Oregon Benchmarks, for state-level monitoring and reporting of mental health services for children, adults and older adults, including but not limited to quality and appropriateness of services, outcomes from services, structure and management of local plans, prevention of mental health disorders and integration of mental health services with other needed supports.

(n) Develop standardized criteria for each level of care described in ORS 430.630 [(11)] (10), including protocols for implementation of local plans, strength-based mental health assessment and case planning.

(o) Develop a comprehensive long-term plan for providing appropriate and adequate mental health treatment and services to children, adults and older adults that is derived from the needs identified in local plans, is consistent with the vision, values and guiding principles in the Report to the Governor from the Mental Health Alignment Workgroup, January 2001, and addresses the need for and the role of state hospitals.

(p) Report biennially to the Governor and the Legislative Assembly on the progress of the local planning process and the implementation of the local plans adopted under ORS 430.630 [(11)(b)] (10)(b) and the state planning process described in paragraph (o) of this subsection, and on the performance measures and performance data available under paragraph (m) of this subsection.

(q) On a periodic basis, not to exceed 10 years, reevaluate the methodology used to estimate prevalence and demand for mental health services using the most current nationally recognized models and data.

(r) Encourage the development of regional local mental health authorities comprised of two or more boards of county commissioners that establish or operate a community mental health program.

(2) The Oregon Health Authority may provide technical assistance and other incentives to assist in the planning, development and implementation of regional local mental health authorities whenever the Oregon Health Authority determines that a regional approach will optimize the comprehensive local plan described under ORS 430.630 [(11)] (10).

[(3) *The Department of Human Services in carrying out the legislative policy declared in ORS 430.610, subject to the availability of funds, shall:*]

[(a) *Assist Oregon counties and groups of Oregon counties in the establishment and financing of*

community developmental disabilities programs operated or contracted for by one or more counties.]

[(b) If a county declines to operate or contract for a community developmental disabilities program, contract with another public agency or private corporation to provide the program. The county must be provided with an opportunity to review and comment.]

[(c) In an emergency situation when no community developmental disabilities program is operating within a county, operate the program or service on a temporary basis.]

[(d) At the request of the tribal council of a federally recognized tribe of Native Americans, contract with the tribal council for the establishment and operation of a community developmental disabilities program in the same manner in which the department contracts with a county court or board of county commissioners.]

[(e) If a county agrees, contract with a public agency or private corporation for all developmental disabilities services.]

[(f) Operate a program or contract with another entity to operate a program to provide mental retardation and other developmental disabilities services required by ORS 430.630 if a local mental health authority, as defined in ORS 430.630, declines to provide or contract for the provision of mental retardation and other developmental disabilities services.]

[(g) Approve or disapprove the biennial plan and budget information for the establishment and operation of each community developmental disabilities program. Subsequent amendments to or modifications of an approved plan or budget information involving more than 10 percent of the state funds provided for services under ORS 430.630 may not be placed in effect without prior approval of the department. However, an amendment or modification affecting 10 percent or less of state funds for services under ORS 430.630 within the portion of the program for persons with developmental disabilities may be made without department approval.]

[(h) Make all necessary and proper rules to govern the establishment and operation of community developmental disabilities programs.]

[(4)] (3) The enumeration of duties and functions in subsections (1) and (2) of this section shall not be deemed exclusive nor construed as a limitation on the powers and authority vested in [the department or] the authority by other provisions of law.

**SECTION 178.** ORS 430.640, as amended by section 25, chapter 856, Oregon Laws 2009, is amended to read:

430.640. (1) The Oregon Health Authority, in carrying out the legislative policy declared in ORS 430.610, subject to the availability of funds, shall:

(a) Assist Oregon counties and groups of Oregon counties in the establishment and financing of community mental health programs operated or contracted for by one or more counties.

(b) If a county declines to operate or contract for a community mental health program, contract with another public agency or private corporation to provide the program. The county must be provided with an opportunity to review and comment.

(c) In an emergency situation when no community mental health program is operating within a county or when a county is unable to provide a service essential to public health and safety, operate the program or service on a temporary basis.

(d) At the request of the tribal council of a federally recognized tribe of Native Americans, contract with the tribal council for the establishment and operation of a community mental health program in the same manner in which the authority contracts with a county court or board of county commissioners.

(e) If a county agrees, contract with a public agency or private corporation for all services

1 within one or more of the following program areas:

2 (A) Mental or emotional disturbances.

3 (B) Drug abuse.

4 (C) Alcohol abuse and alcoholism.

5 (f) Approve or disapprove the biennial plan and budget information for the establishment and  
6 operation of each community mental health program. Subsequent amendments to or modifications  
7 of an approved plan or budget information involving more than 10 percent of the state funds pro-  
8 vided for services under ORS 430.630 may not be placed in effect without prior approval of the au-  
9 thority. However, an amendment or modification affecting 10 percent or less of state funds for  
10 services under ORS 430.630 within the portion of the program for persons with mental or emotional  
11 disturbances or within the portion for persons with alcohol or drug dependence may be made with-  
12 out authority approval.

13 (g) Make all necessary and proper rules to govern the establishment and operation of community  
14 mental health programs, including adopting rules defining the range and nature of the services  
15 which shall or may be provided under ORS 430.630.

16 (h) Collect data and evaluate services in the state hospitals in accordance with the same meth-  
17 ods prescribed for community mental health programs under ORS 430.665.

18 (i) Develop guidelines that include, for the development of comprehensive local plans in consul-  
19 tation with local mental health authorities:

20 (A) The use of integrated services;

21 (B) The outcomes expected from services and programs provided;

22 (C) Incentives to reduce the use of state hospitals;

23 (D) Mechanisms for local sharing of risk for state hospitalization;

24 (E) The provision of clinically appropriate levels of care based on an assessment of the mental  
25 health needs of consumers;

26 (F) The transition of consumers between levels of care; and

27 (G) The development, maintenance and continuation of older adult mental health programs with  
28 mental health professionals trained in geriatrics.

29 (j) Work with local mental health authorities to provide incentives for community-based care  
30 whenever appropriate while simultaneously ensuring adequate statewide capacity.

31 (k) Provide technical assistance and information regarding state and federal requirements to  
32 local mental health authorities throughout the local planning process required under ORS 430.630  
33 [(10)] (9).

34 (L) Provide incentives for local mental health authorities to enhance or increase vocational  
35 placements for adults with mental health needs.

36 (m) Develop or adopt nationally recognized system-level performance measures, linked to the  
37 Oregon Benchmarks, for state-level monitoring and reporting of mental health services for children,  
38 adults and older adults, including but not limited to quality and appropriateness of services, out-  
39 comes from services, structure and management of local plans, prevention of mental health disorders  
40 and integration of mental health services with other needed supports.

41 (n) Develop standardized criteria for each level of care described in ORS 430.630 [(10)] (9), in-  
42 cluding protocols for implementation of local plans, strength-based mental health assessment and  
43 case planning.

44 (o) Develop a comprehensive long-term plan for providing appropriate and adequate mental  
45 health treatment and services to children, adults and older adults that is derived from the needs

identified in local plans, is consistent with the vision, values and guiding principles in the Report to the Governor from the Mental Health Alignment Workgroup, January 2001, and addresses the need for and the role of state hospitals.

(p) Report biennially to the Governor and the Legislative Assembly on the progress of the local planning process and the implementation of the local plans adopted under ORS 430.630 [(10)(b)] **(9)(b)** and the state planning process described in paragraph (o) of this subsection, and on the performance measures and performance data available under paragraph (m) of this subsection.

(q) On a periodic basis, not to exceed 10 years, reevaluate the methodology used to estimate prevalence and demand for mental health services using the most current nationally recognized models and data.

(r) Encourage the development of regional local mental health authorities comprised of two or more boards of county commissioners that establish or operate a community mental health program.

(2) The Oregon Health Authority may provide technical assistance and other incentives to assist in the planning, development and implementation of regional local mental health authorities whenever the Oregon Health Authority determines that a regional approach will optimize the comprehensive local plan described under ORS 430.630 [(10)] **(9)**.

[(3) *The Department of Human Services in carrying out the legislative policy declared in ORS 430.610, subject to the availability of funds, shall:*]

[(a) *Assist Oregon counties and groups of Oregon counties in the establishment and financing of community developmental disabilities programs operated or contracted for by one or more counties.*]

[(b) *If a county declines to operate or contract for a community developmental disabilities program, contract with another public agency or private corporation to provide the program. The county must be provided with an opportunity to review and comment.*]

[(c) *In an emergency situation when no community developmental disabilities program is operating within a county, operate the program or service on a temporary basis.*]

[(d) *At the request of the tribal council of a federally recognized tribe of Native Americans, contract with the tribal council for the establishment and operation of a community developmental disabilities program in the same manner in which the department contracts with a county court or board of county commissioners.*]

[(e) *If a county agrees, contract with a public agency or private corporation for all developmental disabilities services.*]

[(f) *Operate a program or contract with another entity to operate a program to provide mental retardation and other developmental disabilities services required by ORS 430.630 if a local mental health authority, as defined in ORS 430.630, declines to provide or contract for the provision of mental retardation and other developmental disabilities services.*]

[(g) *Approve or disapprove the biennial plan and budget information for the establishment and operation of each community developmental disabilities program. Subsequent amendments to or modifications of an approved plan or budget information involving more than 10 percent of the state funds provided for services under ORS 430.630 may not be placed in effect without prior approval of the department. However, an amendment or modification affecting 10 percent or less of state funds for services under ORS 430.630 within the portion of the program for persons with developmental disabilities may be made without department approval.*]

[(h) *Make all necessary and proper rules to govern the establishment and operation of community developmental disabilities programs.*]

[(4)] **(3)** The enumeration of duties and functions in subsections (1) and (2) of this section shall

not be deemed exclusive nor construed as a limitation on the powers and authority vested in *[the department or]* the authority by other provisions of law.

**SECTION 179. (1) The Department of Human Services, in carrying out the legislative policy declared in ORS 430.610, subject to the availability of funds, shall:**

(a) Assist Oregon counties and groups of Oregon counties in the establishment and financing of community developmental disabilities programs operated or contracted for by one or more counties.

(b) If a county declines to operate or contract for a community developmental disabilities program, contract with another public agency or private corporation to provide the program. The county must be provided with an opportunity to review and comment.

(c) In an emergency situation when no community developmental disabilities program is operating within a county, operate the program or service on a temporary basis.

(d) At the request of the tribal council of a federally recognized tribe of Native Americans, contract with the tribal council for the establishment and operation of a community developmental disabilities program in the same manner in which the department contracts with a county court or board of county commissioners.

(e) If a county agrees, contract with a public agency or private corporation for all developmental disabilities services.

(f) Approve or disapprove the biennial plan and budget information for the establishment and operation of each community developmental disabilities program. Subsequent amendments to or modifications of an approved plan or budget information involving more than 10 percent of the state funds provided for services under section 174 of this 2011 Act may not be placed in effect without prior approval of the department. However, an amendment or modification affecting 10 percent or less of state funds for services under section 174 of this 2011 Act within the portion of the program for persons with developmental disabilities may be made without department approval.

(g) Make all necessary and proper rules to govern the establishment and operation of community developmental disabilities programs.

(2) The enumeration of duties and functions in subsection (1) of this section may not be deemed exclusive or construed as a limitation on the powers and authority vested in the department by other provisions of law.

**SECTION 180.** ORS 430.670 is amended to read:

430.670. (1) A community developmental disabilities program may provide services by contracting with a public agency, private corporation or individual. All elements of service provided for in the contract shall be considered as a part of a community developmental disabilities program for all purposes of ORS 430.610 to 430.695. Contracts authorized by this section shall comply with rules adopted by the Department of Human Services.

(2) A community mental health program may provide services by contracting with a public agency, private corporation or individual. All elements of service provided for in the contract shall be considered as a part of a community mental health program for all purposes of ORS 430.610 to 430.695. Contracts authorized by this section shall comply with rules adopted by the Oregon Health Authority.

(3) A private corporation that contracts with a county, the Department of Human Services or the Oregon Health Authority to operate a community mental health program or community developmental disabilities program shall provide an opportunity for competition among private care pro-

viders when awarding subcontracts for provision of services described in ORS 430.630 (1) to (3) **and section 174 of this 2011 Act.**

(4) In keeping with the principles of family support expressed in ORS 417.342 and notwithstanding subsection (3) of this section or ORS 291.047 (3), an entity operating a community mental health program or community developmental disabilities program may purchase services for an individual from a service provider without first providing an opportunity for competition among other service providers if the service provider is selected by the individual, the individual's family or the individual's guardian, as long as the service provider has been approved by the department or the authority to provide such service.

**SECTION 181.** ORS 430.672 is amended to read:

430.672. (1) Except for community mental health programs or community developmental disabilities programs operated by the county, a county may impose only standards, requirements and conditions for mental health or developmental disabilities programs that are substantially similar to the standards, requirements and conditions established for such programs by the Department of Human Services or the Oregon Health Authority.

(2) When a county contracts with a public agency or private corporation for a community mental health program or community developmental disabilities program, the county shall include in the contract only terms that are substantially similar to model contract terms developed by [*the department under ORS 430.640 (3)(h) or*] the authority under ORS 430.640 [(1)(g)] **or the department under section 179 of this 2011 Act.** The county may not add contractual requirements, including qualifications for contractor selection, that are nonessential to the services provided under ORS 430.630 **or section 174 of this 2011 Act.** The county may add contract requirements that the county considers necessary to ensure the siting and maintenance of facilities of the community mental health program or community developmental disabilities program.

(3) The provisions of subsections (1) and (2) of this section apply only insofar as funds are provided by the department to the county for community developmental disabilities programs or by the authority to the county for community mental health programs.

**SECTION 182.** ORS 430.695 is amended to read:

430.695. (1) Any program fees, third-party reimbursements, contributions or funds from any source, except client resources applied toward the cost of care in group homes for persons with [*mental retardation*] **developmental disabilities** or mental illness and client resources and third-party payments for community psychiatric inpatient care, received by a community mental health program **or a community developmental disabilities program** are not an offset to the costs of the services and may not be applied to reduce the program's eligibility for state funds, providing the funds are expended for mental health **or developmental disabilities** services approved by the Oregon Health Authority **or the Department of Human Services.**

(2) Within the limits of available funds, the authority **and the department** may contract for specialized, statewide and regional services including but not limited to group homes for persons with [*mental retardation*] **developmental disabilities** or mental or emotional disturbances, day and residential treatment programs for children and adolescents with mental or emotional disturbances and community services for clients of the Psychiatric Security Review Board.

(3) Fees and third-party reimbursements, including all amounts paid pursuant to Title XIX of the Social Security Act by the Department of Human Services or the Oregon Health Authority, for mental health services or developmental disabilities services and interest earned on those fees and reimbursements shall be retained by the community mental health program or community develop-

mental disabilities program and expended for any service that meets the standards of ORS 430.630 or section 174 of this 2011 Act.

**SECTION 183.** ORS 431.195 is amended to read:

431.195. (1) There is established the Oregon Public Health Advisory Board to serve as an advisory body to the Oregon Health [Policy Board] **Authority**.

(2) The members of the [Oregon Public Health Advisory] board shall be residents of this state and shall be appointed by the Governor. The [Oregon Public Health Advisory] board shall consist of 15 members at least one-half of whom shall be public members broadly representing the state as a whole and the others to include representatives of local government and public and private health providers.

(3) The [Oregon Public Health Advisory] board shall:

(a) Advise the [Oregon Health Policy Board] **authority** on policy matters related to [the operation of the Oregon Health Authority] **public health programs**.

(b) Provide a review of statewide public health issues and make recommendations to the [Oregon Health Policy Board] **authority**.

(c) Participate in public health policy development.

(4) Members shall be appointed for four-year terms. No person shall serve more than two consecutive terms.

(5) The [Oregon Public Health Advisory] board shall meet at least quarterly.

(6) Members of the [Oregon Public Health Advisory] board shall be entitled to compensation and expenses as provided in ORS 292.495.

(7) Vacancies on the [Oregon Public Health Advisory] board shall be filled by appointments of the Governor for the unexpired term.

**SECTION 184.** ORS 431.962 is amended to read:

431.962. (1)(a) The [Department of Human Services] **Oregon Health Authority**, in consultation with the Prescription Monitoring Program Advisory Commission, shall establish and maintain a prescription monitoring program for monitoring and reporting prescription drugs dispensed by pharmacies in Oregon that are classified in schedules II through IV under the federal Controlled Substances Act, 21 U.S.C. 811 and 812, as modified under ORS 475.035.

(b)(A) To fulfill the requirements of this subsection, the [department] **authority** shall establish, maintain and operate an electronic system to monitor and report drugs described in paragraph (a) of this subsection that are dispensed by prescription.

(B) The system must operate and be accessible by practitioners and pharmacies 24 hours a day, seven days a week.

(C) The [department] **authority** may contract with a state agency or private entity to ensure the effective operation of the electronic system.

(2) In consultation with the commission, the [department] **authority** shall adopt rules for the operation of the electronic prescription monitoring program established under subsection (1) of this section, including but not limited to standards for:

(a) Reporting data;

(b) Providing maintenance, security and disclosure of data;

(c) Ensuring accuracy and completeness of data;

(d) Complying with the federal Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191) and regulations adopted under it, including 45 C.F.R. parts 160 and 164, federal alcohol and drug treatment confidentiality laws and regulations adopted under those laws, including 42 C.F.R.

part 2, and state health and mental health confidentiality laws, including ORS 179.505, 192.517 and 192.518 to 192.529;

(e) Ensuring accurate identification of persons or entities requesting information from the database;

(f) Accepting printed or nonelectronic reports from pharmacies that do not have the capability to provide electronic reports; and

(g) Notifying a patient, before or when a drug classified in schedules II through IV is dispensed to the patient, about the prescription monitoring program and the entry of the prescription in the system.

(3) The [department] **authority** shall submit an annual report to the commission regarding the prescription monitoring program established under this section.

**SECTION 185.** ORS 431.964 is amended to read:

431.964. (1) Not later than one week after dispensing a prescription drug subject to the prescription monitoring program established under ORS 431.962, a pharmacy shall electronically report to the [Department of Human Services] **Oregon Health Authority** the:

(a) Name, address and date of birth of the patient;

(b) Identification of the pharmacy dispensing the prescription drug;

(c) Identification of the practitioner who prescribed the drug;

(d) Identification of the prescription drug by a national drug code number;

(e) Date of origin of the prescription;

(f) Date the drug was dispensed; and

(g) Quantity of drug dispensed.

(2) Notwithstanding subsection (1) of this section, the [department] **authority** may not:

(a) Require the reporting of prescription drugs administered directly to a patient or dispensed pursuant to ORS 127.800 to 127.897; or

(b) Collect or use Social Security numbers in the prescription monitoring program.

(3) Upon receipt of the data reported pursuant to subsection (1) of this section, the [department] **authority** shall record the data in the electronic system operated pursuant to the prescription monitoring program.

(4)(a) The [department] **authority** may grant a pharmacy a waiver of the electronic submission requirement of subsection (1) of this section for good cause as determined by the [department] **authority**. The waiver shall state the format, method and frequency of the alternate nonelectronic submissions from the pharmacy and the duration of the waiver.

(b) As used in this subsection, "good cause" includes financial hardship.

(5) This section does not apply to pharmacies in institutions as defined in ORS 179.010.

**SECTION 186.** ORS 431.966 is amended to read:

431.966. (1)(a) Except as provided under subsection (2) of this section, prescription monitoring information submitted under ORS 431.964 to the prescription monitoring program established in ORS 431.962:

(A) Is protected health information under ORS 192.518 to 192.529.

(B) Is not subject to disclosure pursuant to ORS 192.410 to 192.505.

(b) Except as provided under subsection (2)(a)(D) of this section, prescription monitoring information submitted under ORS 431.964 to the prescription monitoring program may not be used to evaluate a practitioner's professional practice.

(2)(a) If a disclosure of prescription monitoring information complies with the federal Health

1 Insurance Portability and Accountability Act of 1996 (P.L. 104-191) and regulations adopted under  
 2 it, including 45 C.F.R. parts 160 and 164, federal alcohol and drug treatment confidentiality laws and  
 3 regulations adopted under those laws, including 42 C.F.R. part 2, and state health and mental health  
 4 confidentiality laws, including ORS 179.505, 192.517 and 192.518 to 192.529, the [*Department of Hu-*  
 5 *man Services*] **Oregon Health Authority** shall disclose the information:

6 (A) To a practitioner or pharmacist who certifies that the requested information is for the pur-  
 7 pose of evaluating the need for or providing medical or pharmaceutical treatment for a patient to  
 8 whom the practitioner or pharmacist anticipates providing, is providing or has provided care.

9 (B) To designated representatives of the [*department*] **authority** or any vendor or contractor  
 10 with whom the [*department*] **authority** has contracted to establish or maintain the electronic system  
 11 of the prescription monitoring program.

12 (C) Pursuant to a valid court order based on probable cause and issued at the request of a fed-  
 13 eral, state or local law enforcement agency engaged in an authorized drug-related investigation in-  
 14 volving a person to whom the requested information pertains.

15 (D) To a health professional regulatory board that certifies in writing that the requested infor-  
 16 mation is necessary for an investigation related to licensure, renewal or disciplinary action involv-  
 17 ing the applicant, licensee or registrant to whom the requested information pertains.

18 (E) To a prescription monitoring program of another state if the confidentiality, security and  
 19 privacy standards of the requesting state are determined by the [*department*] **authority** to be  
 20 equivalent to those of the [*department*] **authority**.

21 (b) The [*department*] **authority** may disclose information from the prescription monitoring pro-  
 22 gram that does not identify a patient, practitioner or drug outlet:

23 (A) For educational, research or public health purposes; and

24 (B) To officials of the [*department*] **authority** who are conducting special epidemiologic  
 25 morbidity and mortality studies in accordance with ORS 432.060 and rules adopted under ORS  
 26 431.110.

27 (c) The [*department*] **authority** shall disclose information relating to a patient maintained in the  
 28 electronic system operated pursuant to the prescription monitoring program established under ORS  
 29 431.962 to that patient at no cost to the patient within 10 business days after the [*department*] **au-**  
 30 **thority** receives a request from the patient for the information.

31 (d)(A) A patient may request the [*department*] **authority** to correct any information about the  
 32 patient that is erroneous. The [*department*] **authority** shall grant or deny a request to correct in-  
 33 formation within 10 business days after the [*department*] **authority** receives the request.

34 (B) If the [*department*] **authority** denies a patient's request to correct information under this  
 35 paragraph, or fails to grant a patient's request to correct information under this paragraph within  
 36 10 business days after the [*department*] **authority** receives the request, the patient may appeal the  
 37 denial or failure to grant the request. Upon receipt of an appeal under this subparagraph, the [*de-*  
 38 *partment*] **authority** shall conduct a contested case hearing as provided in ORS chapter 183.  
 39 Notwithstanding ORS 183.450, in the contested case hearing, the [*department*] **authority** has the  
 40 burden of establishing that the information included in the prescription monitoring program is cor-  
 41 rect.

42 (e) The information in the prescription monitoring program may not be used for any commercial  
 43 purpose.

44 (f) In accordance with ORS 192.518 to 192.529 and federal privacy regulations, any person au-  
 45 thorized to prescribe or dispense a prescription drug and who is entitled to access a patient's pre-

1 prescription monitoring information may discuss or release the information to other health care  
 2 providers involved with the patient's care, in order to provide safe and appropriate care coordi-  
 3 nation.

4 (3)(a) The *[department]* **authority** shall maintain records of the information disclosed through  
 5 the prescription monitoring program including, but not limited to:

6 (A) The identity of each person who requests or receives information from the program and the  
 7 organization, if any, the person represents;

8 (B) The information released to each person or organization; and

9 (C) The date and time the information was requested and the date and time the information was  
 10 provided.

11 (b) Records maintained as required by this subsection may be reviewed by the Prescription  
 12 Monitoring Program Advisory Commission.

13 (4) Information in the prescription monitoring program that identifies an individual patient must  
 14 be removed no later than three years from the date the information is entered into the program.

15 (5) The *[department]* **authority** shall notify the Attorney General and each affected individual  
 16 of an improper disclosure of information from the prescription monitoring program.

17 (6)(a) If the *[department]* **authority** or a person or entity required to report or authorized to  
 18 receive or release controlled substance prescription information under this section violates **this**  
 19 **section or** ORS 431.964[ *431.966*] or 431.968, a person injured by the violation may bring a civil  
 20 action against the *[department]* **authority**, person or entity and may recover damages in the amount  
 21 of \$1,000 or actual damages, whichever is greater.

22 (b) Notwithstanding paragraph (a) of this subsection, the *[department]* **authority** and a person  
 23 or entity required to report or authorized to receive or release controlled substance prescription  
 24 information under this section are immune from civil liability for violations of **this section or** ORS  
 25 431.964[ *431.966*] or 431.968 unless the *[department]* **authority**, person or entity acts with malice,  
 26 criminal intent, gross negligence, recklessness or willful intent.

27 (7) Nothing in ORS 431.962 to 431.978 and 431.992 requires a practitioner or pharmacist who  
 28 prescribes or dispenses a prescription drug to obtain information about a patient from the pre-  
 29 scription monitoring program. A practitioner or pharmacist who prescribes or dispenses a pre-  
 30 scription drug may not be held liable for damages in any civil action on the basis that the  
 31 practitioner or pharmacist did or did not request or obtain information from the prescription moni-  
 32 toring program.

33 **SECTION 187.** ORS 431.970 is amended to read:

34 431.970. *[The Department of Human Services shall report]* **If** a practitioner or pharmacist au-  
 35 thorized to obtain controlled substance prescription information from the prescription monitoring  
 36 system established under ORS 431.962 *[who]* discloses or uses information obtained from the system  
 37 in violation of ORS 431.966, **the Oregon Health Authority shall report the individual to the ap-**  
 38 **propriate** health professional regulatory board *[responsible for the practitioner or pharmacist]*.

39 **SECTION 188.** ORS 431.974 is amended to read:

40 431.974. (1) The Electronic Prescription Monitoring Fund is established in the State Treasury,  
 41 separate and distinct from the General Fund. The Electronic Prescription Monitoring Fund consists  
 42 of moneys transmitted to the fund under ORS 431.972 and any other moneys deposited in accordance  
 43 with law. Interest earned by the fund shall be credited to the fund. Moneys in the fund are contin-  
 44 uously appropriated to the *[Department of Human Services]* **Oregon Health Authority** for the pur-  
 45 pose of carrying out the provisions of ORS 431.962 to 431.978 and 431.992.

(2) The [Department of Human Services] **authority** may accept grants, donations, gifts or moneys from any source for deposit into the fund established by this section.

**SECTION 189.** ORS 431.976 is amended to read:

431.976. (1) The Prescription Monitoring Program Advisory Commission is created for the purposes of:

(a) Studying issues related to the prescription monitoring program established under ORS 431.962;

(b) Reviewing the program's annual report and making recommendations to the [Department of Human Services] **Oregon Health Authority** regarding the operation of the program; and

(c) Developing criteria [*that should be*] used to evaluate program data.

(2) The commission shall consist of 11 members appointed by the [department] **authority** as follows:

(a) A person nominated by the Pain Management Commission;

(b) A person who dispenses controlled substances nominated by an association representing pharmacists;

(c) A practicing dentist nominated by an association representing dentists;

(d) A practicing physician nominated by an association representing physicians;

(e) A practicing doctor of osteopathy nominated by an association representing osteopathic physicians and surgeons;

(f) A nurse authorized to prescribe controlled substances nominated by an association representing nurses;

(g) A practicing naturopathic physician nominated by an association representing naturopathic physicians;

(h) A practicing optometrist, nominated by an association representing optometrists;

(i) [A person nominated by the department from a division of the department responsible for] **A representative of the authority with expertise in** administering addiction services; and

(j) Two members of the public [*nominated by the department*], one of whom must be an expert in information technology.

**SECTION 190.** ORS 431.978 is amended to read:

431.978. (1) The term of office of each member of the Prescription Monitoring Program Advisory Commission is four years, but a member serves at the pleasure of the [Department of Human Services] **Oregon Health Authority**. Before the expiration of the term of a member, the [department] **authority** shall appoint a successor whose term begins on July 1 next following. A member is eligible for reappointment. If there is a vacancy for any cause, the [department] **authority** shall make an appointment to become immediately effective.

(2) The commission shall elect one of its members to serve as chairperson.

(3) The commission shall meet at least once annually at a time and place specified by the chairperson of the commission. The commission may meet at other times and places specified by the call of the chairperson or of a majority of the members of the commission.

(4) The commission may adopt rules necessary for the operation of the commission.

(5) A majority of the members of the commission constitutes a quorum for the transaction of business.

(6) Official action by the commission requires the approval of a majority of the members of the commission.

(7) The [department] **authority** shall provide staff support to the commission.

(8) Members of the commission are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions of the commission shall be paid out of funds appropriated to the [department] **authority** for that purpose.

(9) All agencies of state government, as defined in ORS 174.111, are directed to assist the commission in the performance of its duties and, to the extent permitted by laws relating to confidentiality, to furnish such information and advice as the members of the commission consider necessary to perform their duties.

**SECTION 191.** ORS 432.500 is amended to read:

432.500. As used in ORS 432.510 to 432.550 and 432.900:

(1) "Clinical laboratory" means a facility where microbiological, serological, chemical, hematological, immunohematological, immunological, toxicological, cytogenetical, exfoliative cytological, histological, pathological or other examinations are performed on material derived from the human body, for the purpose of diagnosis, prevention of disease or treatment of patients by physicians, dentists and other persons who are authorized by license to diagnose or treat humans.

[(2) "Department" means the Department of Human Services or its authorized representative.]

[(3)] (2) "Health care facility" means a hospital, as defined in ORS 442.015, or an ambulatory surgical center, as defined in ORS 442.015.

[(4)] (3) "Practitioner" means any person whose professional license allows the person to diagnose or treat cancer in patients.

**SECTION 192.** ORS 433.055 is amended to read:

433.055. (1) The Oregon Health Authority shall conduct studies of the prevalence of the HIV infection in this state. Its findings shall be reported to the **Oregon** Public Health Advisory Board, the Conference of Local Health Officials, the Emergency Board and other interested bodies at regular intervals, commencing in January 1988. The authority may cause the prevalence study of persons sentenced to the Department of Corrections of this state, as defined in ORS 421.005, to be made.

(2) The authority shall contract with an appropriate education agency to prepare a curriculum regarding HIV infection, acquired immune deficiency syndrome (AIDS) and prevention of the spread of AIDS for all school districts and offer workshops to prepare teachers and parents to implement the curriculum. The authority shall award incentive grants from funds available therefor to school districts to encourage use of the curriculum in the schools.

(3) Prior informed consent to HIV antibody testing need not be obtained from an individual if the test is for the purpose of research as authorized by the authority and if the testing is performed in a manner by which the identity of the test subject is not known, and may not be retrieved by the researcher.

**SECTION 193.** ORS 433.060 is amended to read:

433.060. As used in ORS 433.060 to 433.085 unless the context requires otherwise:

(1) "Authority" means the Oregon Health Authority.

(2) "Health care facility" means a facility as defined in ORS 442.015 and a mental health facility, alcohol treatment facility or drug treatment facility licensed or operated under ORS chapter 426 [and 430.397 to 430.401] or [ORS chapter] 430.

(3) "Hepatitis test" means a test of an individual for the presence of hepatitis B or C or for any other substance specifically indicating the presence of hepatitis B or C.

(4) "HIV test" means a test of an individual for the presence of human immunodeficiency virus

(HIV), or for antibodies or antigens that result from HIV infection, or for any other substance specifically indicating infection with HIV.

(5) “Licensed health care provider” or “health care provider” means a person licensed or certified to provide health care under ORS chapter 677, 678, 679, 680, 684 or 685 or ORS 682.216, or under comparable statutes of any other state.

(6) “Local public health administrator” means the public health administrator of the county or district health department for the jurisdiction in which the reported substantial exposure occurred.

(7) “Local public health officer” means the health officer, as described in ORS 431.418, of the county or district health department for the jurisdiction in which the substantial exposure occurred.

(8) “Occupational exposure” means a substantial exposure of a worker in the course of the worker’s occupation.

(9) “Source person” means a person who is the source of the blood or body fluid in the instance of a substantial exposure of another person.

(10) “Substantial exposure” means an exposure to blood or certain body fluids as defined by rule of the authority to have a potential for transmitting the human immunodeficiency virus based upon current scientific information.

(11) “Worker” means a person who is licensed or certified to provide health care under ORS chapters 677, 678, 679, 680, 684 or 685 or ORS 682.216, an employee of a health care facility, of a licensed health care provider or of a clinical laboratory, as defined in ORS 438.010, a firefighter, a law enforcement officer, as defined in ORS 414.805, a corrections officer or a parole and probation officer.

**SECTION 194.** ORS 433.095 is amended to read:

433.095. The *[Department of Human Services]* **Oregon Health Authority** shall adopt rules requiring pharmacists to report information about the administration of vaccines to the immunization registry created under ORS 433.094.

**SECTION 195.** ORS 433.407 is amended to read:

433.407. As used in ORS 433.407 to 433.423 unless the context requires otherwise:

(1) “Authority” means the Oregon Health Authority.

(2) “Health care facility” means a facility as defined in ORS 442.015 and a mental health facility, alcohol treatment facility or drug treatment facility licensed or operated under ORS chapter 426 *[and 430.397 to 430.401 or ORS chapter]* **or 430.**

(3) “Worker” means a person who is licensed or certified to provide health care under ORS chapter 677, 678, 679, 680, 684 or 685 or ORS 682.216, an employee of a health care facility, of a licensed health care provider or of a clinical laboratory as defined in ORS 438.010, a firefighter, a law enforcement officer as defined in ORS 414.805, a corrections officer or a parole and probation officer.

**SECTION 196.** ORS 441.096 is amended to read:

441.096. (1) A health care practitioner working at a health care facility and providing direct care to a patient shall wear an identification badge indicating the practitioner’s name and professional title.

(2) A health care facility shall develop policies that specify the size and content of the identification badge required by subsection (1) of this section.

(3) As used in this section, “health care facility” means a health care facility as defined in ORS 442.015 or a mental health facility, alcohol treatment facility or drug treatment facility licensed or operated under *[ORS 430.397 to 430.401 or]* ORS chapter 426 or 430.

**SECTION 197.** ORS 442.011 is amended to read:

1 442.011. [(1)] There is created in the Oregon Health Authority the Office for Oregon Health  
 2 Policy and Research. The Administrator of the Office for Oregon Health Policy and Research shall  
 3 be appointed by the *[Governor and the appointment shall be subject to Senate confirmation in the*  
 4 *manner prescribed in ORS 171.562 and 171.565]* **Director of the Oregon Health Authority**. The  
 5 administrator shall be an individual with demonstrated proficiency in planning and managing pro-  
 6 grams with complex public policy and fiscal aspects such as those involved in the medical assistance  
 7 program. *[Before making the appointment, the Governor must advise the President of the Senate and*  
 8 *the Speaker of the House of Representatives of the names of at least three finalists and shall consider*  
 9 *their recommendation in appointing the administrator.]*

10 [(2)] *In carrying out the responsibilities and duties of the administrator, the administrator shall*  
 11 *consult with and be advised by the Oregon Health Policy Board.]*

12 **SECTION 198.** ORS 442.700 is amended to read:

13 442.700. As used in ORS 442.700 to 442.760:

14 (1) “Board of governors” means the governors of a cooperative program as described in ORS  
 15 442.720.

16 (2) “Cooperative program” means a program among two or more health care providers for the  
 17 purpose of providing heart and kidney transplant services including, but not limited to, the sharing,  
 18 allocation and referral of physicians, patients, personnel, instructional programs, support services,  
 19 facilities, medical, diagnostic, laboratory or therapeutic services, equipment, devices or supplies, and  
 20 other services traditionally offered by health care providers.

21 [(3)] *“Director” means the Director of Human Services.]*

22 [(4)] (3) “Health care provider” means a hospital, physician or entity, a significant part of whose  
 23 activities consist of providing hospital or physician services in this state. For purposes of the im-  
 24 munities provided by ORS 442.700 to 442.760 and 646.740, “health care provider” includes any offi-  
 25 cer, director, trustee, employee, or agent of, or any entity under common ownership and control  
 26 with, a health care provider.

27 [(5)] (4) “Hospital” means a hospital, a long term care facility or an ambulatory surgical center,  
 28 as those terms are defined in ORS 442.015, that is licensed under ORS 441.015 to 441.089.  
 29 “Hospital” includes community health programs established under ORS 430.610 to 430.695.

30 [(6)] (5) “Order” means a decision issued by the **Director of the Oregon Health Authority**  
 31 under ORS 442.710 either approving or denying an application for a cooperative program and in-  
 32 cludes modifications of an original order under ORS 442.730 (3)(b) and ORS 442.740 (1) and (4).

33 [(7)] (6) “Party to a cooperative program agreement” or “party” means an entity that enters into  
 34 the principal agreement to establish a cooperative program and applies for approval under ORS  
 35 442.700 to 442.760 and 646.740 and any other entity that, with the approval of the director, becomes  
 36 a member of a cooperative program.

37 [(8)] (7) “Physician” means a physician defined in ORS 677.010 (13) and licensed under ORS  
 38 chapter 677.

39 **SECTION 199.** ORS 443.450 is amended to read:

40 443.450. (1) For a residential care facility, residential training facility or residential training  
 41 home, the Director of Human Services shall adopt rules governing:

- 42 (a) The physical properties of the facility or home;
- 43 (b) Storage, preparation and serving of food;
- 44 (c) Care or training to be provided;
- 45 (d) The number, experience and training of the staff; and

(e) Any other factors affecting the care or training provided.

(2) For a residential treatment facility or residential treatment home, the Director of the Oregon Health Authority shall adopt rules governing:

(a) The physical properties of the facility or home;

(b) Storage, preparation and serving of food;

(c) Treatment to be provided;

(d) The number, experience and training of the staff; and

(e) Any other factors affecting the treatment provided.

(3) Distinct rules shall be adopted for homes of five or fewer residents, for facilities of six or more but fewer than 16 residents, and for facilities for 16 or more residents. The rules shall differentiate among categories of residents.

(4) For purposes of this section, "categories" refers to different populations of residents, differentiated by, but not limited to, age and need, as defined by the Department of Human Services or the **Oregon Health** Authority by rule.

**SECTION 200.** ORS 443.465 is amended to read:

443.465. (1) The *[Department of Human Services]* **Oregon Health Authority** shall adopt rules applicable to secure residential treatment homes and facilities as defined in ORS 443.400 that house persons who, as a condition of release under ORS 161.315 to 161.351, are required to live in a secure home or facility. The rules must:

(a) Provide minimum security, health and safety standards;

(b) Require the home or facility to have an emergency preparedness plan;

(c) Set minimum training standards for the staff of the home or facility; and

(d) Ensure compliance with any orders of the court or the **Psychiatric Security Review Board**.

(2) As used in this section, a residential treatment home or facility is "secure" if a resident exit from the home, facility or grounds of the home or facility is restricted through the use of locking devices on resident exit doors, gates or other closures.

**SECTION 201.** ORS 443.860 is amended to read:

443.860. (1) A person may not establish, conduct or maintain a hospice program providing hospice services, or hold itself out to the public as a hospice program, without obtaining a license from the *[Department of Human Services]* **Oregon Health Authority**.

(2) The *[department]* **authority**:

(a) Shall adopt rules to carry out the provisions of ORS 443.850 to 443.869, including but not limited to rules for licensure that require an on-site inspection of each licensed hospice program at least once every three years.

(b) May accept certification by a federal agency or accreditation by an accrediting organization approved by the *[department]* **authority** as evidence of compliance with the requirements for licensure adopted under paragraph (a) of this subsection if:

(A) The certification or accreditation meets standards and conditions established for hospice programs by the Centers for Medicare and Medicaid Services;

(B) The hospice program invites the *[department]* **authority** to participate in any exit interview conducted by the agency or organization; and

(C) The hospice program provides the *[department]* **authority** with copies of all documentation requested by the *[department]* **authority** concerning the certification or accreditation.

(3) The fee to obtain or renew a hospice program license is \$750.

(4) The *[department]* **authority** shall prescribe by rule the form and manner for application for

or renewal of a license. The [department] **authority** shall issue a license to an applicant that has the necessary qualifications, meets all requirements established by the [department] **authority** by rule and has paid the fee.

(5) A license issued under this section is valid for one year and is not transferable. A license may be renewed by payment of the fee and demonstration of compliance with requirements for renewal established by the [department] **authority** by rule.

**SECTION 202.** ORS 443.861 is amended to read:

443.861. All moneys received by the [Department of Human Services] **Oregon Health Authority** under ORS 443.860 shall be paid into the State Treasury and deposited to the credit of the Public Health Account established in ORS 431.210. The moneys shall be used by the [department] **authority** in carrying out its duties under ORS 443.850 to 443.869.

**SECTION 203.** ORS 443.864 is amended to read:

443.864. The [Department of Human Services] **Oregon Health Authority** may suspend, revoke or refuse to renew the license of a hospice program for failure to comply with ORS 443.860 or with rules adopted pursuant to ORS 443.860.

**SECTION 204.** ORS 443.869 is amended to read:

443.869. In addition to any other liability or penalty provided by law, the Director of [Human Services] **the Oregon Health Authority** may impose a civil penalty of \$1,000 per day, up to \$10,000 in any 30-day period, for any of the following:

(1) Violation of any of the terms or conditions of a license issued under ORS 443.860 to a hospice program.

(2) Violation of any rule or general order of the [Department of Human Services] **Oregon Health Authority** that pertains to a hospice program.

(3) Violation of any final order of the director that pertains specifically to a hospice program owned or operated by the person incurring the penalty.

(4) Violation of ORS 443.860 or of rules adopted under ORS 443.860.

(5) Civil penalties under this section shall be imposed in the manner provided by ORS 183.745.

(6) All penalties recovered under this section shall be paid into the State Treasury and credited to the General Fund and are available for general governmental expenses.

**SECTION 205.** ORS 448.465 is amended to read:

448.465. Any fees collected pursuant to the schedule adopted under ORS 448.450 shall be deposited in the General Fund of the State Treasury to the credit of the Oregon Health Authority. Such fees are continuously appropriated to the [Department of Environmental Quality] **authority** to pay the cost of administering the provisions of ORS 448.450 to 448.465, 448.992 and 448.994.

**SECTION 206.** ORS 480.225 is amended to read:

480.225. (1) A person is eligible for a certificate of possession under ORS 480.235 if:

(a) The person has not been convicted, or found guilty except for insanity under ORS 161.295, of a misdemeanor involving violence, as defined in ORS 166.470, within the previous four years. A person who has been so convicted is eligible under this subsection following the expiration of seven years after the date of final and unconditional discharge from all imprisonment, probation and parole resulting from the conviction.

(b) The person has not been convicted, or found guilty except for insanity under ORS 161.295, of, and is not under indictment for, any felony.

(c) The person is not a fugitive from justice, has no outstanding warrants for arrest and is not free on any form of pretrial release for any offenses listed in paragraphs (a) and (b) of this sub-

1 section.

2 (d) The person has not been determined to be mentally ill under ORS 426.130 [*and 430.397 to*  
3 *430.401*] or mentally retarded under ORS 427.290. A person who previously has been so determined  
4 is eligible under this subsection if, at the time of application for such a certificate, the person  
5 produces a certified copy of a full discharge from the proper state hospital. The Oregon Health  
6 Authority shall provide the State Fire Marshal with direct electronic access to the authority's da-  
7 tabase of information identifying persons meeting the criteria of this section who were committed  
8 or subject to an order under ORS 426.130. The State Fire Marshal and the authority shall enter into  
9 an agreement describing the access to information under this subsection.

10 (e) The person is at least 21 years of age.

11 (f) The person does not use a fictitious name or make a material misrepresentation in applica-  
12 tion for such a certificate.

13 (g)(A) The person has not been convicted of, and is not under indictment for, a criminal offense  
14 involving a controlled substance as defined in ORS 475.005, other than the offense of driving under  
15 the influence of intoxicants.

16 (B) Notwithstanding subparagraph (A) of this paragraph, a person who has had a certificate  
17 denied or revoked due to conviction of a criminal offense involving a controlled substance is eligible  
18 under this section following the expiration of seven years after the date of final and unconditional  
19 discharge from all imprisonment, probation and parole resulting from the conviction.

20 (h) The person has been discharged from the jurisdiction of the juvenile court for more than four  
21 years for an act that, if committed by an adult, would constitute a felony or a misdemeanor involv-  
22 ing violence, as defined in ORS 166.470.

23 (i) The person is not the subject of a restraining order that alleges the person's possession of  
24 explosives presents a credible threat to another person.

25 (j) The person has passed an examination administered by the State Fire Marshal that assesses  
26 the person's knowledge of safety in the transportation and storage of explosives as required under  
27 federal and state laws and regulations pertaining to explosives. The State Fire Marshal shall ex-  
28 amine each applicant prior to issuance of a certificate of possession to the applicant. The State Fire  
29 Marshal may by rule establish and collect an examination fee in an amount necessary to cover the  
30 cost of administering the examination.

31 (k) The person certifies on the application for a certificate of possession that all explosives in  
32 the person's possession will be used, stored and transported in accordance with federal, state and  
33 local requirements.

34 (L) The person certifies that all explosives will be possessed, used, stored and transported in  
35 accordance with federal, state and local requirements.

36 (2) Subsection (1)(a) and (b) of this section does not apply to a conviction or indictment that has  
37 been expunged from a person's record under the laws of this state or equivalent laws of another  
38 jurisdiction.

39 **SECTION 207.** ORS 497.162 is amended to read:

40 497.162. (1) Upon application of the Oregon Youth Authority, the Oregon Health Authority or  
41 the Department of Human Services, the State Fish and Wildlife Commission shall issue, without fee,  
42 a license to angle for the temporary use of any person in a state institution as described in ORS  
43 179.610, any student in a youth correction facility or related camps or programs operated by the  
44 Oregon Youth Authority, any child placed by the department and under the care of a foster home  
45 or a private nonprofit child-caring agency certified by the department, [*or*] any person in an alter-

native to state hospitalization program as described in ORS 430.630 (2)(b) or (c), **or any person receiving services under section 174 of this 2011 Act.** The licenses issued under this subsection shall be in bearer form and, subject to applicable laws and regulations relating to angling, shall be used as the agency applying for the license directs.

(2) Upon application of the Department of Human Services, the commission shall issue, without fee, a license to take shellfish for the temporary use of any child placed by the department and under the care of a foster home or a private nonprofit child-caring agency certified by the department. The licenses issued under this subsection shall be in bearer form and, subject to applicable laws and regulations relating to taking shellfish, shall be used as the department directs.

(3) Upon application of the director of any veteran's administration hospital or domiciliary within this state, the commission shall issue, without fee, to each hospital or domiciliary 30 licenses to angle or to take shellfish for the temporary use of any person who is a patient or resident in the hospital or domiciliary. The licenses issued under this subsection shall be in bearer form and, subject to applicable laws and regulations relating to angling and to taking shellfish, shall be used as the director of the hospital or domiciliary provides.

**SECTION 208.** ORS 616.555 is amended to read:

616.555. As used in ORS 616.555 to 616.585:

(1) "Alcoholic beverage" has the meaning given that term in ORS 471.001.

(2)(a) "Chain restaurant" means a restaurant located in Oregon that:

(A) Is part of an affiliation of 15 or more restaurants within the United States;

(B) Sells standardized menu items that constitute 80 percent or more of the menu items served in the restaurant and at least 14 of the other affiliated restaurants; and

(C) Operates under a trade name or service mark, both as defined in ORS 647.005, that is identical or substantially similar to the trade names or service marks of the affiliated restaurants.

(b) "Chain restaurant" does not mean:

(A) A restaurant located inside a facility that is subject to State Department of Agriculture inspection under an interagency agreement described in ORS 624.530, unless the trade name or service mark for the restaurant differs from the trade name or service mark of the facility containing the restaurant;

(B) A cafeteria of a public or private educational institution;

(C) A health care facility as defined in ORS 442.015; or

(D) A motion picture theater.

(3) "Food product" means a discrete unit serving of a ready-to-eat food or beverage.

(4)(a) "Food tag" means an informational label placed near a menu item that is identified or indicated by the label.

(b) "Food tag" does not mean a menu or menu board.

(5) "Menu" means a pictorial or written description of menu items that does not have a fixed location and is not intended for joint viewing by multiple patrons.

(6)(a) "Menu board" means a pictorial display or written description of menu items that:

(A) Is located where the customer places an order for a menu item; and

(B) Is not a menu or a food tag.

(b) "Menu board" does not mean a pictorial display used solely for the purpose of marketing.

(7)(a) "Menu item" means a prepared food product or a group or combination of prepared food products that is offered on a menu, menu board or food tag as a distinct article for sale.

(b) "Menu item" does not mean the following:

(A) Condiments that are made available on tables or counters for general use without charge.

(B) Food products that are offered for sale less than 90 days during a calendar year.

(C) Alcoholic beverages, except as provided by rule by the *[Department of Human Services]* **Oregon Health Authority** as described in ORS 616.575.

(D) Food products in sealed manufacturer packaging.

(8) "Restaurant" has the meaning given that term in ORS 624.010.

**SECTION 209.** ORS 616.560 is amended to read:

616.560. (1) A chain restaurant shall determine typical values of the following for each menu item offered by the restaurant:

(a) Total calories.

(b) Total grams of saturated fat.

(c) Total grams of trans fat.

(d) Total grams of carbohydrates.

(e) Total milligrams of sodium.

(2) The typical values described in subsection (1) of this section must be based on calorie and nutrient databases, verifiable reference values, government standards, laboratory testing or other methods for determining nutritional values recognized by the *[Department of Human Services]* **Oregon Health Authority** by rule.

(3) The chain restaurant shall maintain a written list of the typical values described in subsection (1) of this section for all of the menu items of the restaurant and make copies of the list available for distribution to customers. The chain restaurant shall provide a copy of the list to a customer who is present in the restaurant and requests nutritional information regarding any menu item.

(4) A chain restaurant may not make available to customers any typical values determined under this section that are substantially inaccurate or that the restaurant knows or should know to be false or misleading.

**SECTION 210.** ORS 616.570 is amended to read:

616.570. (1) If a chain restaurant serves a menu item that is not a self-service item, the chain restaurant shall have a menu, menu board or food tag that:

(a) Discloses nutritional information for the menu item as required by this section; and

(b) Is readily visible for customer use at the location where the customer places the order for the menu item.

(2)(a) If a chain restaurant offers a menu item for self-service, the chain restaurant shall have a menu board or food tag, for each area of the restaurant in which the item is displayed, that:

(A) Discloses nutritional information for the menu item as required by this section; and

(B) Is readily visible in the area where the menu item is displayed.

(b) If a chain restaurant offers a menu item for self-service that the restaurant also offers on a basis that is not self-service, the restaurant shall ensure that the area where the item is offered on a basis that is not self-service complies with subsection (1) of this section.

(3) If a chain restaurant uses a menu or menu board, the menu or menu board must include the following:

(a) A statement of the total calories for each of the menu items listed on that menu or menu board. The total calorie statement must be in a conspicuous place near the other menu or menu board information for that menu item. If the menu or menu board lists prices, the total calorie statement must be of a size and typeface no less prominent than the size and typeface used to dis-

1 play the price of the menu item. If the menu or menu board does not list prices, the total calorie  
 2 statement must be of a size and typeface no less prominent than the size and typeface used to display the least prominent of any other information stated on the menu or menu board.

4 (b) In a conspicuous place, a statement listing the daily intake amounts of calories, saturated  
 5 fat and sodium recommended by the *[Department of Human Services]* **Oregon Health Authority**.

6 (c) In a conspicuous place, a statement that additional nutritional information is available upon  
 7 request.

8 (4) If a chain restaurant uses food tags, the restaurant shall display the following:

9 (a) A statement of the total calories for the menu item in a conspicuous place on the tag. If the  
 10 food tag states the price of the menu item, the total calorie statement must be of a size and typeface  
 11 no less prominent than the size and typeface used to display the price of the menu item. If the food  
 12 tag does not state the price, the total calorie statement must be of a size and typeface no less  
 13 prominent than the size and typeface used to display the least prominent of any other information  
 14 stated on the tag.

15 (b) In a conspicuous place, a statement listing the daily intake amounts of calories, saturated  
 16 fat and sodium recommended by the *[Department of Human Services]* **authority**.

17 (c) In a conspicuous place, a statement that additional nutritional information is available upon  
 18 request.

19 (5) A chain restaurant may post disclaimers stating that the actual nutritional value of menu  
 20 items may vary from the stated total calories or other nutritional information due to variations in  
 21 preparation, size or ingredients or for custom orders.

22 (6) A chain restaurant may supplement the nutritional information disclosures required by this  
 23 section and ORS 616.560 and 616.565 with additional consumer information.

24 **SECTION 211.** ORS 616.575 is amended to read:

25 616.575. (1) The *[Department of Human Services]* **Oregon Health Authority** shall adopt rules the  
 26 *[department]* **authority** considers reasonable for the administration and enforcement of ORS 616.555  
 27 to 616.580. The rules adopted by the *[department]* **authority** must include, but need not be limited  
 28 to, rules for the rounding of stated values and the establishment of specifications for total calorie  
 29 statements and other required statements. In adopting rules under this section, the *[department]*  
 30 **authority** shall:

31 (a) To the extent the *[department]* **authority** considers practicable, follow any relevant United  
 32 States Food and Drug Administration practices, standards and rules for nutritional labeling; and

33 (b) Seek input from representatives of chain restaurants.

34 (2) The *[department]* **authority** shall adopt rules establishing conditions under which a menu  
 35 board serving the drive-through area of a chain restaurant may qualify for a full or partial exception  
 36 from ORS 616.565 and 616.570. The rules shall make an exception available only if compliance with  
 37 ORS 616.565 or 616.570 would require the violation of local land use laws or sign ordinances, or is  
 38 impracticable due to site-specific conditions. As used in this subsection, "drive-through area" means  
 39 an area where customers place orders for and receive menu items while occupying motor vehicles.

40 (3)(a) Notwithstanding subsection (1) of this section, the following are the typical values for al-  
 41 coholic beverages:

42 (A) For wine, 122 calories, 4 grams of carbohydrate and 7 milligrams of sodium for a five-ounce  
 43 serving;

44 (B) For beer other than light beer, 153 calories, 13 grams of carbohydrate and 14 milligrams of  
 45 sodium for a 12-ounce serving;

(C) For light beer, 103 calories, 6 grams of carbohydrate and 14 milligrams of sodium for a 12-ounce serving; and

(D) For distilled spirits, 96 calories for a 1.5-ounce serving.

(b) A chain restaurant shall use the typical values described in paragraph (a) of this subsection when calculating the total calories for a menu item that includes one or more alcoholic beverages.

(c) The [department] **authority**:

(A) May adopt rules to require total calorie disclosures for an alcoholic beverage or a menu item that contains an alcoholic beverage, only if the alcoholic beverage or menu item is offered by a chain restaurant for 90 or more days during a calendar year; and

(B) May adopt rules that exempt containers or dispensers of alcoholic beverages from the use of food tags to state standard calorie values.

**SECTION 212.** ORS 616.580 is amended to read:

616.580. (1) The [Department of Human Services] **Oregon Health Authority** may inspect chain restaurants for compliance with ORS 616.560, 616.565 and 616.570 and [department] **authority** rules adopted under ORS 616.575. The person operating the chain restaurant shall, upon request of the [department] **authority**, permit access to all parts of the restaurant and any records in the possession of the restaurant regarding nutritional values or menu items and provide menu item samples for nutritional value testing by the [department] **authority**.

(2) If a chain restaurant violates a provision of ORS 616.560, 616.565 or 616.570 or a rule adopted under ORS 616.575, the [department] **authority** shall provide the restaurant with written notice informing the restaurant of the violation and stating that the restaurant may avoid a civil penalty for the violation by curing the violation within 60 days. If the chain restaurant fails to cure the violation within 60 days, the [department] **authority** may impose a civil penalty of not less than \$250 and not more than \$1,000 for the violation. For a continuing violation, each 30-day period that the violation continues after the preceding imposition of a civil penalty is a separate offense subject to a separate civil penalty. The [department] **authority** is not required to provide the chain restaurant with an opportunity to cure the continuing violation before imposing a civil penalty for the continuing violation.

**SECTION 213.** ORS 676.150 is amended to read:

676.150. (1) As used in this section:

(a) "Board" means the:

(A) State Board of Examiners for Speech-Language Pathology and Audiology;

(B) State Board of Chiropractic Examiners;

(C) State Board of Licensed Social Workers;

(D) Oregon Board of Licensed Professional Counselors and Therapists;

(E) Oregon Board of Dentistry;

(F) Board of Examiners of Licensed Dietitians;

(G) State Board of Massage Therapists;

(H) Oregon Board of Naturopathic Medicine;

(I) Oregon State Board of Nursing;

(J) Nursing Home Administrators Board;

(K) Oregon Board of Optometry;

(L) State Board of Pharmacy;

(M) Oregon Medical Board;

(N) Occupational Therapy Licensing Board;

(O) Physical Therapist Licensing Board;

(P) State Board of Psychologist Examiners;

(Q) Board of [*Radiologic Technology*] **Medical Imaging**;

(R) State Board of Direct Entry Midwifery;

(S) State Board of Denture Technology;

(T) Respiratory Therapist Licensing Board;

(U) [*Department of Human Services*] **Oregon Health Authority**, to the extent that the [*department*] **authority** certifies emergency medical technicians;

(V) Oregon State Veterinary Medical Examining Board; or

(W) State Mortuary and Cemetery Board.

(b) "Licensee" means a health professional licensed or certified by or registered with a board.

(c) "Prohibited conduct" means conduct by a licensee that:

(A) Constitutes a criminal act against a patient or client; or

(B) Constitutes a criminal act that creates a risk of harm to a patient or client.

(d) "Unprofessional conduct" means conduct unbecoming a licensee or detrimental to the best interests of the public, including conduct contrary to recognized standards of ethics of the licensee's profession or conduct that endangers the health, safety or welfare of a patient or client.

(2) Unless state or federal laws relating to confidentiality or the protection of health information prohibit disclosure, a licensee who has reasonable cause to believe that another licensee has engaged in prohibited or unprofessional conduct shall report the conduct to the board responsible for the licensee who is believed to have engaged in the conduct. The reporting licensee shall report the conduct without undue delay, but in no event later than 10 working days after the reporting licensee learns of the conduct.

(3) A licensee who is convicted of a misdemeanor or felony or who is arrested for a felony crime shall report the conviction or arrest to the licensee's board within 10 days after the conviction or arrest.

(4) The board responsible for a licensee who is reported to have engaged in prohibited or unprofessional conduct shall investigate in accordance with the board's rules. If the board has reasonable cause to believe that the licensee has engaged in prohibited conduct, the board shall present the facts to an appropriate law enforcement agency without undue delay, but in no event later than 10 working days after the board finds reasonable cause to believe that the licensee engaged in prohibited conduct.

(5) A licensee who fails to report prohibited or unprofessional conduct as required by subsection (2) of this section or the licensee's conviction or arrest as required by subsection (3) of this section is subject to discipline by the board responsible for the licensee.

(6) A licensee who fails to report prohibited conduct as required by subsection (2) of this section commits a Class A violation.

(7) Notwithstanding any other provision of law, a report under subsection (2) or (3) of this section is confidential under ORS 676.175. A board may disclose a report as provided in ORS 676.177.

(8) Except as part of an application for a license or for renewal of a license and except as provided in subsection (3) of this section, a board may not require a licensee to report the licensee's criminal conduct.

(9) The obligations imposed by this section are in addition to and not in lieu of other obligations to report unprofessional conduct as provided by statute.

(10) A licensee who reports to a board in good faith as required by subsection (2) of this section

1 is immune from civil liability for making the report.

2 (11) A board and the members, employees and contractors of the board are immune from civil  
3 liability for actions taken in good faith as a result of a report received under subsection (2) or (3)  
4 of this section.

5 **SECTION 214.** ORS 676.306 is amended to read:

6 676.306. (1) As used in this section, "health professional regulatory board" means a health pro-  
7 fessional regulatory board described in ORS 676.160 other than the [*Department of Human Services*]  
8 **Oregon Health Authority** with regard to the certification of emergency medical technicians.

9 (2) Subject to applicable provisions of the State Personnel Relations Law and the approval of  
10 the Governor, notwithstanding ORS 182.468, each health professional regulatory board shall appoint  
11 an executive director and prescribe the duties and fix the compensation of the executive director.  
12 The executive director shall serve at the pleasure of the Governor under the direct supervision of  
13 the appointing board. The board may request that the Governor remove the executive director.

14 (3) In addition to any other duties imposed by law or otherwise required of state agencies, the  
15 executive director shall keep all records of the board and discharge all duties prescribed by the  
16 board.

17 (4) The executive director shall prepare periodic reports regarding the licensing, monitoring and  
18 investigative activities of the board. The executive director shall submit the reports to the board  
19 and the Governor. The Oregon Department of Administrative Services, in consultation with the  
20 board, shall adopt rules specifying requirements for the report content and processes for preparing  
21 and submitting the reports. The rules may be consistent with performance management measures  
22 and processes initiated by the department. The rules shall require each board to undergo a peer  
23 review of board activities by a team of executive directors of other health professional regulatory  
24 boards and at least one public member. The department may assess the board for the cost of the  
25 peer review.

26 **SECTION 215.** ORS 676.350 is amended to read:

27 676.350. (1) As used in this section:

28 (a) "Expedited partner therapy" means the practice of prescribing or dispensing antibiotic drugs  
29 for the treatment of a sexually transmitted disease to the partner of a patient without first exam-  
30 ining the partner of the patient.

31 (b) "Partner of a patient" means a person whom a patient diagnosed with a sexually transmitted  
32 disease identifies as a sexual partner of the patient.

33 (c) "Practitioner" has the meaning given that term in ORS 475.005.

34 (2) A health professional regulatory board, as defined in ORS 676.160, may adopt rules permit-  
35 ting practitioners to practice expedited partner therapy. If a board adopts rules permitting practi-  
36 tioners to practice expedited partner therapy, the board shall consult with the [*Department of*  
37 *Human Services*] **Oregon Health Authority** to determine which sexually transmitted diseases are  
38 appropriately addressed with expedited partner therapy.

39 (3) A prescription issued in the practice of expedited partner therapy authorized by the rules  
40 of a board is valid even if the name of the patient for whom the prescription is intended is not on  
41 the prescription.

42 (4) The [*department*] **authority** shall make available informational material about expedited  
43 partner therapy that a practitioner may distribute to patients.

44 **SECTION 216.** ORS 682.218 is amended to read:

45 682.218. The [*Department of Human Services*] **Oregon Health Authority** shall adopt rules to

allow an applicant for certification by indorsement as an emergency medical technician, as defined in ORS 682.025, to substitute experience and certification by a national registry of emergency medical technicians for education requirements imposed by the [department] **authority**.

**SECTION 217.** ORS 708A.430 is amended to read:

708A.430. (1) On the death of a depositor of a financial institution, if the deposit is \$25,000 or less, the financial institution may, upon receipt of an affidavit from the person claiming the deposit as provided in subsection (2) of this section, pay the moneys on deposit to the credit of the deceased depositor:

(a) To the surviving spouse on demand of the surviving spouse at any time after the death of the depositor;

(b) If there is no surviving spouse, to the Oregon Health Authority **or the Department of Human Services**, on demand of the authority **or the department** no less than 46 days and no more than 75 days from the death of the depositor when there is a preferred claim arising under ORS **411.708, 411.795 or 416.350**;

*[(c) If there is no surviving spouse or authority claim, to the Department of Human Services, on demand of the department no less than 46 days and no more than 75 days from the death of the depositor when there is a preferred claim arising under ORS 411.708 or 411.795;]*

*[(d)]* (c) If there is no surviving spouse and no authority or department claim, to the depositor's surviving children 18 years of age or older;

*[(e)]* (d) If there is no surviving spouse, authority claim, department claim or surviving child 18 years of age or older, to the depositor's surviving parents; or

*[(f)]* (e) If there is no surviving spouse, authority claim, department claim, surviving child 18 years of age or older or surviving parent, to the depositor's surviving brothers and sisters 18 years of age or older.

(2) The affidavit shall:

(a) State where and when the depositor died;

(b) State that the total deposits of the deceased depositor in all financial institutions in Oregon do not exceed \$25,000;

(c) Show the relationship of the affiant to the deceased depositor; and

(d) Embody a promise to pay the expenses of last sickness, funeral expenses and just debts of the deceased depositor out of the deposit to the full extent of the deposit if necessary, in the order of priority prescribed by ORS 115.125, and to distribute any remaining moneys to the persons who are entitled to those moneys by law.

(3) In the event the depositor died intestate without known heirs, an estate administrator of the Department of State Lands appointed under ORS 113.235 shall be the affiant and shall receive the moneys as escheat property.

(4) The financial institution shall determine the relationship of the affiant to the deceased depositor. However, payment of the moneys in good faith to the affiant discharges and releases the transferor from any liability or responsibility for the transfer in the same manner and with the same effect as if the property had been transferred, delivered or paid to a personal representative of the estate of the deceased depositor.

(5) A probate proceeding is not necessary to establish the right of the surviving spouse, authority, department, surviving child, surviving parent, surviving brothers and sisters or an estate administrator of the Department of State Lands to withdraw the deposits upon the filing of the affidavit. If a personal representative is appointed in an estate where a withdrawal of deposits was

made under this section, the person withdrawing the deposits shall account for them to the personal representative.

(6) When a financial institution transfers moneys under subsection (1) of this section, the transferor may require the transferee to furnish the transferor a written indemnity agreement, indemnifying the transferor against loss for moneys paid to the extent of the amount of the deposit.

(7) This section is subject to the rights of other parties in the account under ORS 708A.455 to 708A.515.

**SECTION 218.** ORS 723.466 is amended to read:

723.466. (1) On the death of a member of a credit union, if the deposit to the credit of the deceased member is \$25,000 or less, the credit union may, upon receipt of an affidavit from the person claiming the deposit as provided in subsection (2) of this section, pay the moneys on deposit:

(a) To the surviving spouse on demand of the surviving spouse at any time after the death of the member;

(b) If there is no surviving spouse, to the Oregon Health Authority **or the Department of Human Services**, on demand of the authority **or the department** no less than 46 days and no more than 75 days from the death of the member when there is a preferred claim arising under ORS **411.708, 411.795 or** 416.350;

*[(c) If there is no surviving spouse or authority claim, to the Department of Human Services, on demand of the department no less than 46 days and no more than 75 days from the death of the member when there is a preferred claim arising under ORS 411.708 or 411.795;]*

*[(d)]* (c) If there is no surviving spouse and no authority or department claim, to the member's surviving children 18 years of age or older;

*[(e)]* (d) If there is no surviving spouse, authority claim, department claim or surviving child 18 years of age or older, to the member's surviving parents; or

*[(f)]* (e) If there is no surviving spouse, authority claim, department claim, surviving child 18 years of age or older or surviving parent, to the member's surviving brothers and sisters 18 years of age or older.

(2) The affidavit shall:

(a) State where and when the member died;

(b) State that the total deposits of the deceased member in all financial institutions in this state do not exceed \$25,000;

(c) Show the relationship of the affiant to the deceased member; and

(d) Embody a promise to pay the expenses of last sickness, funeral expenses and just debts of the deceased member out of the deposit, to the full extent of the deposit if necessary, in the order of priority prescribed by ORS 115.125, and to distribute any remaining moneys to the persons who are entitled to those moneys by law.

(3) In the event the member died intestate without known heirs, an estate administrator of the Department of State Lands appointed under ORS 113.235 shall be the affiant and shall receive the moneys as escheat property.

(4) The credit union shall determine the relationship of the affiant to the deceased member. However, payment of the moneys in good faith to the affiant discharges and releases the transferor from any liability or responsibility for the transfer in the same manner and with the same effect as if the property had been transferred, delivered or paid to a personal representative of the estate of the deceased member.

(5) A probate proceeding is not necessary to establish the right of the surviving spouse, au-

thority, Department of Human Services, surviving children, surviving parents, surviving brothers and sisters or an estate administrator of the Department of State Lands to withdraw the deposits upon the filing of the affidavit. If a personal representative is appointed in an estate where a withdrawal of deposits was made under this section, the person withdrawing the deposits shall account for them to the personal representative.

(6) When a credit union transfers moneys under subsection (1) of this section, the transferor may require the transferee to furnish the transferor with a written indemnity agreement, indemnifying the transferor against loss for moneys paid to the extent of the amount of the deposit.

(7) This section is subject to the rights of other parties to the account under ORS 723.474 to 723.498.

**SECTION 219.** ORS 743.730 is amended to read:

743.730. For purposes of ORS 743.730 to 743.773:

(1) "Actuarial certification" means a written statement by a member of the American Academy of Actuaries or other individual acceptable to the Director of the Department of Consumer and Business Services that a carrier is in compliance with the provisions of ORS 743.736, 743.760 or 743.761, based upon the person's examination, including a review of the appropriate records and of the actuarial assumptions and methods used by the carrier in establishing premium rates for small employer and portability health benefit plans.

(2) "Affiliate" of, or person "affiliated" with, a specified person means any carrier who, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a specified person. For purposes of this definition, "control" has the meaning given that term in ORS 732.548.

(3) "Affiliation period" means, under the terms of a group health benefit plan issued by a health care service contractor, a period:

(a) That is applied uniformly and without regard to any health status related factors to an enrollee or late enrollee in lieu of a preexisting conditions provision;

(b) That must expire before any coverage becomes effective under the plan for the enrollee or late enrollee;

(c) During which no premium shall be charged to the enrollee or late enrollee; and

(d) That begins on the enrollee's or late enrollee's first date of eligibility for coverage and runs concurrently with any eligibility waiting period under the plan.

(4) "Basic health benefit plan" means a health benefit plan for small employers that is required to be offered by all small employer carriers and approved by the Director of the Department of Consumer and Business Services in accordance with ORS 743.736.

(5) "Bona fide association" means an association that meets the requirements of 42 U.S.C. 300gg-11 as amended and in effect on July 1, 1997.

(6) "Carrier" means any person who provides health benefit plans in this state, including a licensed insurance company, a health care service contractor, a health maintenance organization, an association or group of employers that provides benefits by means of a multiple employer welfare arrangement or any other person or corporation responsible for the payment of benefits or provision of services.

(7) "Committee" means the Health Insurance Reform Advisory Committee created under ORS 743.745.

(8) "Creditable coverage" means prior health care coverage as defined in 42 U.S.C. 300gg as amended and in effect on July 1, 1997, and includes coverage remaining in force at the time the

1 enrollee obtains new coverage.

2 (9) "Department" means the Department of Consumer and Business Services.

3 (10) "Dependent" means the spouse or child of an eligible employee, subject to applicable terms  
4 of the health benefit plan covering the employee.

5 (11) "Director" means the Director of the Department of Consumer and Business Services.

6 (12) "Eligible employee" means an employee of a small employer who works on a regularly  
7 scheduled basis, with a normal work week of 17.5 or more hours. The employer may determine hours  
8 worked for eligibility between 17.5 and 40 hours per week subject to rules of the carrier. "Eligible  
9 employee" does not include employees who work on a temporary, seasonal or substitute basis.  
10 Employees who have been employed by the small employer for fewer than 90 days are not eligible  
11 employees unless the small employer so allows.

12 (13) "Employee" means any individual employed by an employer.

13 (14) "Enrollee" means an employee, dependent of the employee or an individual otherwise eligi-  
14 ble for a group, individual or portability health benefit plan who has enrolled for coverage under the  
15 terms of the plan.

16 (15) "Exclusion period" means a period during which specified treatments or services are ex-  
17 cluded from coverage.

18 (16) "Financially impaired" means a member that is not insolvent and is:

19 (a) Considered by the Director of the Department of Consumer and Business Services to be po-  
20 tentially unable to fulfill its contractual obligations; or

21 (b) Placed under an order of rehabilitation or conservation by a court of competent jurisdiction.

22 (17)(a) "Geographic average rate" means the arithmetical average of the lowest premium and the  
23 corresponding highest premium to be charged by a carrier in a geographic area established by the  
24 director for the carrier's:

25 (A) Small employer group health benefit plans;

26 (B) Individual health benefit plans; or

27 (C) Portability health benefit plans.

28 (b) "Geographic average rate" does not include premium differences that are due to differences  
29 in benefit design or family composition.

30 (18) "Group eligibility waiting period" means, with respect to a group health benefit plan, the  
31 period of employment or membership with the group that a prospective enrollee must complete be-  
32 fore plan coverage begins.

33 (19)(a) "Health benefit plan" means any hospital expense, medical expense or hospital or medical  
34 expense policy or certificate, health care service contractor or health maintenance organization  
35 subscriber contract, any plan provided by a multiple employer welfare arrangement or by another  
36 benefit arrangement defined in the federal Employee Retirement Income Security Act of 1974, as  
37 amended.

38 (b) "Health benefit plan" does not include coverage for accident only, specific disease or condi-  
39 tion only, credit, disability income, coverage of Medicare services pursuant to contracts with the  
40 federal government, Medicare supplement insurance policies, coverage of CHAMPUS services pur-  
41 suant to contracts with the federal government, benefits delivered through a flexible spending ar-  
42 rangement established pursuant to section 125 of the Internal Revenue Code of 1986, as amended,  
43 when the benefits are provided in addition to a group health benefit plan, long term care insurance,  
44 hospital indemnity only, short term health insurance policies (the duration of which does not exceed  
45 six months including renewals), student accident and health insurance policies, dental only, vision

only, a policy of stop-loss coverage that meets the requirements of ORS 742.065, coverage issued as a supplement to liability insurance, insurance arising out of a workers' compensation or similar law, automobile medical payment insurance or insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

(c) Nothing in this subsection shall be construed to regulate any employee welfare benefit plan that is exempt from state regulation because of the federal Employee Retirement Income Security Act of 1974, as amended.

(20) "Health statement" means any information that is intended to inform the carrier or insurance producer of the health status of an enrollee or prospective enrollee in a health benefit plan. "Health statement" includes the standard health statement developed by the Health Insurance Reform Advisory Committee.

(21) "Implementation of chapter 836, Oregon Laws 1989" means that the [*Health Services Commission*] **Health Evidence Review Commission or its predecessor** has prepared a priority list, the Legislative Assembly has enacted funding of the list and all necessary federal approval, including waivers, has been obtained.

(22) "Individual coverage waiting period" means a period in an individual health benefit plan during which no premiums may be collected and health benefit plan coverage issued is not effective.

(23) "Initial enrollment period" means a period of at least 30 days following commencement of the first eligibility period for an individual.

(24) "Late enrollee" means an individual who enrolls in a group health benefit plan subsequent to the initial enrollment period during which the individual was eligible for coverage but declined to enroll. However, an eligible individual shall not be considered a late enrollee if:

(a) The individual qualifies for a special enrollment period in accordance with 42 U.S.C. 300gg as amended and in effect on July 1, 1997;

(b) The individual applies for coverage during an open enrollment period;

(c) A court has ordered that coverage be provided for a spouse or minor child under a covered employee's health benefit plan and request for enrollment is made within 30 days after issuance of the court order;

(d) The individual is employed by an employer who offers multiple health benefit plans and the individual elects a different health benefit plan during an open enrollment period; or

(e) The individual's coverage under Medicaid, Medicare, CHAMPUS, Indian Health Service or a publicly sponsored or subsidized health plan, including but not limited to the medical assistance program under ORS chapter 414, has been involuntarily terminated within 63 days of applying for coverage in a group health benefit plan.

(25) "Multiple employer welfare arrangement" means a multiple employer welfare arrangement as defined in section 3 of the federal Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. 1002, that is subject to ORS 750.301 to 750.341.

(26) "Oregon Medical Insurance Pool" means the pool created under ORS 735.610.

(27) "Preexisting conditions provision" means a health benefit plan provision applicable to an enrollee or late enrollee that excludes coverage for services, charges or expenses incurred during a specified period immediately following enrollment for a condition for which medical advice, diagnosis, care or treatment was recommended or received during a specified period immediately preceding enrollment. For purposes of ORS 743.730 to 743.773:

(a) Pregnancy does not constitute a preexisting condition except as provided in ORS 743.766;

(b) Genetic information does not constitute a preexisting condition in the absence of a diagnosis of the condition related to such information; and

(c) A preexisting conditions provision shall not be applied to a newborn child or adopted child who obtains coverage in accordance with ORS 743A.090.

(28) "Premium" includes insurance premiums or other fees charged for a health benefit plan, including the costs of benefits paid or reimbursements made to or on behalf of enrollees covered by the plan.

(29) "Rating period" means the 12-month calendar period for which premium rates established by a carrier are in effect, as determined by the carrier.

(30)(a) "Small employer" means an employer that employed an average of at least two but not more than 50 employees on business days during the preceding calendar year, the majority of whom are employed within this state, and that employs at least two eligible employees on the date on which coverage takes effect under a health benefit plan issued by a small employer carrier.

(b) Any person that is treated as a single employer under subsection (b), (c), (m) or (o) of section 414 of the Internal Revenue Code of 1986 shall be treated as one employer for purposes of this subsection.

(c) The determination of whether an employer that was not in existence throughout the preceding calendar year is a small employer shall be based on the average number of employees that it is reasonably expected the employer will employ on business days in the current calendar year.

(31) "Small employer carrier" means any carrier that offers health benefit plans covering eligible employees of one or more small employers. A fully insured multiple employer welfare arrangement otherwise exempt under ORS 750.303 (4) may elect to be a small employer carrier governed by the provisions of ORS 743.733 to 743.737.

**SECTION 220.** ORS 743.736 is amended to read:

743.736. (1) In order to improve the availability and affordability of health benefit coverage for small employers, the Health Insurance Reform Advisory Committee created under ORS 743.745 shall submit to the Director of the Department of Consumer and Business Services two basic health benefit plans pursuant to ORS 743.745. One plan shall be in the form of insurance and the second plan shall be consistent with the requirements of the federal Health Maintenance Organization Act, 42 U.S.C. 300e et seq.

(2)(a) The director shall approve the basic health benefit plans following a determination that the plans provide for maximum accessibility and affordability of needed health care services and following a determination that the basic health benefit plans substantially meet the social values that underlie the ranking of benefits by the [*Health Services Commission*] **Health Evidence Review Commission or its predecessor** and that the basic health benefit plans are substantially similar to the Medicaid reform program under chapter 836, Oregon Laws 1989, funded by the Legislative Assembly.

(b) The basic health benefit plans shall include benefits mandated under ORS 743A.168 [*until mental health, alcohol and chemical dependency services are fully integrated into the Health Services Commission's priority list, and as funded by the Legislative Assembly, and chapter 836, Oregon Laws 1989, is implemented*].

(c) The commission shall aid the director by reviewing the basic health benefit plans and commenting on the extent to which the plans meet these criteria.

(3) After the director's approval of the basic health benefit plans submitted by the committee pursuant to subsection (1) of this section, each small employer carrier shall submit to the director

1 the policy form or forms containing its basic health benefit plan. Each policy form must be submitted  
2 as prescribed by the director and is subject to review and approval pursuant to ORS 742.003.

3 (4)(a) As a condition of transacting business in the small employer health insurance market in  
4 this state, every small employer carrier shall offer small employers an approved basic health benefit  
5 plan and any other plans that have been submitted by the small employer carrier for use in the small  
6 employer market and approved by the director.

7 (b) Nothing in this subsection shall require a small employer carrier to resubmit small employer  
8 health benefit plans that were approved by the director prior to October 1, 1996, nor shall small  
9 employer carriers be required to reinitiate new plan selection procedures for currently enrolled  
10 small employers prior to the small employer's next health benefit plan coverage anniversary date.

11 (c) A carrier that offers a health benefit plan in the small employer market only through one  
12 or more bona fide associations is not required to offer that health benefit plan to small employers  
13 that are not members of the bona fide association.

14 (5) A small employer carrier shall issue to a small employer any small employer health benefit  
15 plan offered by the carrier if the small employer applies for the plan and agrees to make the re-  
16 quired premium payments and to satisfy the other provisions of the health benefit plan.

17 (6) A multiple employer welfare arrangement, professional or trade association or other similar  
18 arrangement established or maintained to provide benefits to a particular trade, business, profession  
19 or industry or their subsidiaries shall not issue coverage to a group or individual that is not in the  
20 same trade, business, profession or industry as that covered by the arrangement. The arrangement  
21 shall accept all groups and individuals in the same trade, business, profession or industry or their  
22 subsidiaries that apply for coverage under the arrangement and that meet the requirements for  
23 membership in the arrangement. For purposes of this subsection, the requirements for membership  
24 in an arrangement shall not include any requirements that relate to the actual or expected health  
25 status of the prospective enrollee.

26 (7) A small employer carrier shall, pursuant to subsections (4) and (5) of this section, offer cov-  
27 erage to or accept applications from a group covered under an existing small employer health ben-  
28 efit plan whether or not a prospective enrollee is excluded from coverage under the existing plan  
29 because of late enrollment. When a small employer carrier accepts an application for such a group,  
30 the carrier may continue to exclude the prospective enrollee excluded from coverage by the replaced  
31 plan until the prospective enrollee would have become eligible for coverage under that replaced  
32 plan.

33 (8) No small employer carrier shall be required to offer coverage or accept applications pursuant  
34 to subsections (4) and (5) of this section if the director finds that acceptance of an application or  
35 applications would endanger the carrier's ability to fulfill its contractual obligations or result in fi-  
36 nancial impairment of the carrier.

37 (9) Every small employer carrier shall market fairly all small employer health benefit plans of-  
38 fered by the carrier to small employers in the geographical areas in which the carrier makes cov-  
39 erage available or provides benefits.

40 (10)(a) No small employer carrier shall be required to offer coverage or accept applications  
41 pursuant to subsections (4) and (5) of this section in the case of any of the following:

42 (A) To a small employer if the small employer is not physically located in the carrier's approved  
43 service area;

44 (B) To an employee if the employee does not work or reside within the carrier's approved ser-  
45 vice areas; or

(C) Within an area where the carrier reasonably anticipates, and demonstrates to the satisfaction of the director, that it will not have the capacity in its network of providers to deliver services adequately to the enrollees of those groups because of its obligations to existing group contract holders and enrollees.

(b) A carrier that does not offer coverage pursuant to paragraph (a)(C) of this subsection shall not offer coverage in the applicable service area to new employer groups other than small employers until the carrier resumes enrolling groups of new small employers in the applicable area.

(11) For purposes of ORS 743.733 to 743.737, except as provided in this subsection, carriers that are affiliated carriers or that are eligible to file a consolidated tax return pursuant to ORS 317.715 shall be treated as one carrier and any restrictions or limitations imposed by ORS 743.733 to 743.737 apply as if all health benefit plans delivered or issued for delivery to small employers in this state by the affiliated carriers were issued by one carrier. However, any insurance company or health maintenance organization that is an affiliate of a health care service contractor located in this state, or any health maintenance organization located in this state that is an affiliate of an insurance company or health care service contractor, may treat the health maintenance organization as a separate carrier and each health maintenance organization that operates only one health maintenance organization in a service area in this state may be considered a separate carrier.

(12) A small employer carrier that, after September 29, 1991, elects to discontinue offering all of its small employer health benefit plans under ORS 743.737 (5)(e), elects to discontinue renewing all such plans or elects to discontinue offering and renewing all such plans is prohibited from offering health benefit plans in the small employer market in this state for a period of five years from one of the following dates:

(a) The date of notice to the director pursuant to ORS 743.737 (5)(e); or

(b) If notice is not provided under paragraph (a) of this subsection, from the date on which the director provides notice to the carrier that the director has determined that the carrier has effectively discontinued offering small employer health benefit plans in this state.

**SECTION 221.** ORS 743A.010 is amended to read:

743A.010. No policy of health insurance shall exclude from payment or reimbursement losses incurred by an insured for any covered service because the service was rendered at any hospital owned or operated by the State of Oregon or any state approved community mental health *[and]* **program or community** developmental disabilities program.

**SECTION 222.** ORS 743A.062 is amended to read:

743A.062. (1) No insurance policy or contract providing coverage for a prescription drug to a resident of this state shall exclude coverage of that drug for a particular indication solely on the grounds that the indication has not been approved by the United States Food and Drug Administration if the Health *[Resources Commission]* **Evidence Review Commission established under section 22 of this 2011 Act or the Pharmacy and Therapeutics Committee established under section 2 of this 2011 Act** determines that the drug is recognized as effective for the treatment of that indication:

(a) In publications that the commission **or the committee** determines to be equivalent to:

(A) The American Hospital Formulary *[Services]* **Service** drug information;

(B) "Drug Facts and Comparisons" (Lippincott-Raven Publishers);

(C) The United States Pharmacopoeia drug information; or

(D) Other publications that have been identified by the United States Secretary of Health and Human Services as authoritative;

(b) In the majority of relevant peer-reviewed medical literature; or

(c) By the United States Secretary of Health and Human Services.

(2) Required coverage of a prescription drug under this section shall include coverage for medically necessary services associated with the administration of that drug.

(3) Nothing in this section requires coverage for any prescription drug if the United States Food and Drug Administration has determined use of the drug to be contraindicated.

(4) Nothing in this section requires coverage for experimental drugs not approved for any indication by the United States Food and Drug Administration.

(5) This section is exempt from ORS 743A.001.

**SECTION 223.** Section 1, chapter 426, Oregon Laws 2009, is amended to read:

**Sec. 1.** (1) The [Department of Human Services] **Oregon Health Authority** shall develop and implement a plan to increase, in underserved regions of the state, the availability of supervision and treatment for persons conditionally released under ORS 161.315 to 161.351 or 419C.529 to 419C.544.

(2) No later than January 15 of each odd-numbered year, the [department] **authority** shall submit, to an appropriate committee of the Legislative Assembly designated by the Speaker of the House of Representatives and the President of the Senate, a report that includes but need not be limited to:

(a) The contents of the plan described in subsection (1) of this section;

(b) An assessment of the [department's] **authority's** progress in meeting the goals of the plan; and

(c) A description of any financial or legal impediments to the implementation of the plan.

(3) The Psychiatric Security Review Board shall provide the [department] **authority** with information necessary for the [department] **authority** to develop and implement the plan described in subsection (1) of this section.

(4) As used in this section:

(a) "Region" means an area, determined by the [department] **authority**, that contains one or more counties.

(b) "Underserved" means that the number of persons on conditional release who are provided treatment and supervision in the region is fewer than the number of persons on conditional release statewide who were found guilty except for insanity or responsible except for insanity in the region.

**SECTION 224.** Section 20, chapter 595, Oregon Laws 2009, is amended to read:

**Sec. 20.** On or before January 2, [2012] **2014**, the Department of Human Services and the Oregon Health Authority may delegate to each other any duties, functions or powers transferred by section 19, chapter 595, Oregon Laws 2009, [of this 2009 Act] that the department or the authority [deem] **deems** necessary for the efficient and effective operation of their respective functions.

**SECTION 225.** Section 29, chapter 856, Oregon Laws 2009, is amended to read:

**Sec. 29.** Notwithstanding any other law appropriating moneys or limiting expenditures, in carrying out sections 1 to 3 [of this 2009 Act the Department of Human Services], **chapter 856, Oregon Laws 2009, the Oregon Health Authority** may use only funds provided by the United States Bureau of Justice Assistance through the American Recovery and Reinvestment Act of 2009 Edward Byrne Memorial Justice Assistance Grant Program.

## MISCELLANEOUS PROVISIONS

**SECTION 226.** The Mental Health Services Fund is established in the State Treasury,

1 separate and distinct from the General Fund. The Mental Health Services Fund comprises  
 2 moneys collected or received by the Oregon Health Authority, the Department of Human  
 3 Services and the Department of Corrections under ORS 179.640, 426.241 and 430.165. The  
 4 moneys in the fund are continuously appropriated to the Oregon Health Authority, the De-  
 5 partment of Human Services and the Department of Corrections for the purposes of paying  
 6 the costs of:

7 (1) Services provided to a person in a state institution, as defined in ORS 179.610;

8 (2) Emergency psychiatric care, custody and treatment paid for by a county under ORS  
 9 426.241;

10 (3) Emergency care, custody or treatment provided to a person admitted to or detained  
 11 in a state mental hospital under ORS 426.070, 426.140, 426.180 to 426.210, 426.228, 426.232 or  
 12 426.233; and

13 (4) Programs operating under ORS 430.265, 430.306 to 430.375, 430.405, 430.415, 430.850 to  
 14 430.880, 813.500 and 813.510.

15 **SECTION 227.** Notwithstanding any other provision of law, ORS 411.459 shall not be con-  
 16 sidered to have been added to or made a part of ORS chapter 411 for the purpose of statutory  
 17 compilation or for the application of definitions, penalties or administrative provisions ap-  
 18 plicable to statute sections in that chapter.

19 **SECTION 228.** ORS 409.310, 409.330, 410.110, 414.332, 414.338, 414.350, 414.355, 414.360,  
 20 414.365, 414.370, 414.375, 414.380, 414.385, 414.390, 414.395, 414.400, 414.410, 414.415, 414.715,  
 21 414.720, 414.741, 430.170, 442.575, 442.580, 442.581, 442.583, 442.584, 442.588, 442.589 and 735.711  
 22 and section 13, chapter 827, Oregon Laws 2009, are repealed.

23 **SECTION 229.** The unit captions used in this 2011 Act are provided only for the conven-  
 24 ience of the reader and do not become part of the statutory law of this state or express any  
 25 legislative intent in the enactment of this 2011 Act.

## 26 EMERGENCY CLAUSE

27  
 28  
 29 **SECTION 230.** This 2011 Act being necessary for the immediate preservation of the public  
 30 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect  
 31 on its passage.  
 32