MEMORANDUM

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To: Human Services Subcommittee of the Joint Committee on Ways and Means

From: Linda Ames, Legislative Fiscal Office, 503-986-1816
Laurie Byerly, Legislative Fiscal Office, 503-986-1833

Date: May 9, 2013

Subject: HB 2216-A
Work Session Recommendations

HB 2216-A extends the hospital assessment for two years. This is currently set to sunset on September 30, 2013. The bill also adds an additional one percent assessment over the current rate, which will go to the Hospital Transformation and Performance Pool, to assist hospitals in transitioning to delivery models intended to reduce overall hospital utilization while improving patient outcomes. The bill creates a hospital performance metrics advisory committee.

The measure, the original staff measure summaries, revenue impact statement, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

The measure previously had a hearing in the House Committee on Health Care on 3/11/13 and hearings in the House Revenue Committee on 3/22/13 and 3/26/13.

For the 2013-15 biennium, the bill results in an increase in Other Funds of $745 million, and an increase in Federal Funds of about $1.3 billion. The expenditure limitation is already included in the Governor's budget for the Oregon Health Authority.

Amendment

The proposed –A3 amendment (language that is in HB 2056 B-Engrossed) reauthorizes the Long Term Care Facility Assessment and extends it through June 30, 2020. Currently the assessment is scheduled to sunset on June 30, 2014. The existing Medicaid reimbursement methodology for these long term care facilities would continue, but rebasing would occur annually instead of biennially. Another change to current practice is bringing some exempt facilities under the assessment.

The –A3 amendment also sets a goal of reducing Oregon's long term care bed capacity by 1,500 beds by December 31, 2015. The legislation establishes procedures and a financial incentive for providers to purchase the bed capacity of another long term care facility.

If the 1,500 bed reduction target is not met, DHS will start adjusting nursing facility reimbursement rates downward in 2016.

For the 2013-15 biennium, the bill results in a General Fund reduction of $21.6 million, an increase in Other Funds of $59.6 million, and an increase in Federal Funds of about $68.4 million. The budget adjustments are already included in the Governor's budget for the Department of Human Services.

As incorporated in HB 2056, the amendment's content previously had a hearing in the House Committee on Health Care on 4/1/13 and a hearing in the House Revenue Committee on 4/5/13.

Motion #1: I move the –A3 amendment to HB 2216-A

Measure as Modified

The measure, as amended, is recommended to be moved to the Full Committee on Joint Ways and Means.

Motion #2: I move HB 2216-A to the Joint Committee on Ways and Means with a "do pass" recommendation, as amended.

Assignment of Carriers

Full: _____

2nd Chamber: _____

77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session **MEASURE: HB 2216 – A3**
STAFF MEASURE SUMMARY

Joint Committee on Ways and Means **Carrier – House: Rep.**
Carrier – Senate: Sen.

Revenue: Revenue statement issued
Fiscal: Fiscal statement issued

Action:
Vote:
House
Yeas:
Nays:
Exc:
Senate
Yeas:
Nays:
Exc:

Prepared By: Linda Ames and Laurie Byerly, Legislative Fiscal Office
Meeting Date: 5/x/2013

WHAT THE MEASURE DOES Extends collection of hospital assessment through 2015. Requires creation of hospital performance metrics advisory committee. Directs Oregon Health Authority (OHA) to adopt by rule procedures for performance payouts. Allows OHA to reduce assessment if federal limits on assessments are reduced. Allows assessment funds to be used to fund Medicaid (Oregon Health Plan) and Children's Health Insurance Programs. Requires that one percent of assessment is appropriated for performance pool. Requires OHA to apply for federal financial participation. Makes conforming changes. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

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EFFECT OF COMMITTEE AMENDMENT: The –A3 combines language from HB 2056 into HB 2216. The amendment extends long term care facility assessment up to July 1, 2020, with some changes to rebasing timelines and facility exemptions. Authorizes Department of Human Services (DHS) take steps to reduce long term care facility bed capacity statewide by 1,500 beds by December 31, 2015. Establishes procedures for long term care facility to purchase bed capacity of another facility. Declares legislative intent to exempt activities from state antitrust laws and provide immunity from federal antitrust laws. Requires Director of DHS engage in regional planning to promote safety and dignity of long term care facility residents. Sets schedule of reduced reimbursement rates for failure to meet reduction goals. Requires Director of DHS to engage in regional planning to promote safety and dignity of long term care facility residents. Sets schedule of reduced reimbursement rates for failure to meet reduction goals.

BACKGROUND: The hospital assessment is a revenue stream created by the Legislature in 2003 to finance Medicaid (Oregon Health Plan) services and which is set to expire in 2013. House Bill 2216 extends the hospital assessment for two more years. The bill also appropriates an additional one percent of the hospital assessment for a hospital transformation and performance fund. Much of the savings anticipated by the transformation to coordinated care organizations will come from reduced utilization of hospital services. The fund will assist hospitals and their staff in the transition to reduce hospital utilization and improve client outcomes.

In 2003, House Bill 2747 required long term care facilities to pay an assessment to the state. The rate of the assessment is based on the number of days all residents stay in the facility. These revenues are intended to increase nursing facility Medicaid reimbursement rates and improve the financial stability of the nursing home industry. The – A3 amendment extends the assessment through June 30, 2020 and requires Department of Human Services to take steps to reduce overall bed capacity in the state by 1,500 by December 31, 2015.

FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2216 - A3**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Kim To
Reviewed by: Linda Ames, Laurie Byerly
Date: 5/8/2013

Measure Description:
Repeals sunset on collection of hospital assessment. Extends long term care facility assessment to July 1, 2020

Government Unit(s) Affected:
Oregon Health Authority (OHA), Department of Human Services (DHS)

Local Government Mandate:
This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Summary of Expenditure Impact – Oregon Health Authority

Extend Existing 4.3% Hospital Assessment:

	2013-15 Biennium	2015-17 Biennium
Other Funds - Special Payments	600,000,000	90,000,000
Federal Funds - Special Payments	1,014,000,000	152,100,000
Total Funds	**$1,614,000,000**	**$242,100,000**

Additional 1% Hospital Assessments:

	2013-15 Biennium	2015-17 Biennium
Other Funds - Special Payments	145,000,000	20,700,000
Federal Funds - Special Payments	245,000,000	35,000,000
Total Funds	**$390,000,000**	**$55,700,000**

Summary of Expenditure Impact – Department of Human Services

Long Term Care Facility Reimbursement Rate Extension

Expenditure Impact - Long Term Care Facility Reimbursement Rate Extension

	2013-15 Biennium	2015-17 Biennium
General Fund	($22,373,985)	($59,398,909)
Other Funds	$59,370,526	$126,616,920
Federal Funds	$66,552,355	$109,959,364
Total Funds	**$103,548,896**	**$177,177,375**

Augmented Reimbursement Rate

	2013-15 Biennium	2015-17 Biennium
General Fund	$778,963	$1,625,339
Other Funds	$271,572	$545,068
Federal Funds	$1,800,996	$3,552,800
Total Funds	**$2,851,531**	**$5,723,207**

Analysis:

Oregon Health Authority (OHA)

Effective the 91st day after sine die, House Bill 2216:

1. Requires the Oregon Health Authority to establish a hospital performance program based on recommendations from a hospital performance metrics advisory committee, and using moneys from an amount equal to the federal financial participation received from one percentage point of the hospital assessment [Sections 1 and 7].
2. Authorizes OHA to make payments to hospitals using a new payment methodology that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery System [Sections 2 and 7].
3. Specifies that if the maximum assessment rate allowed under federal law is reduced requiring the Director to reduce Oregon's assessment rate, the moneys for the performance program will be reduced first [Section 3].
4. Allows OHA to use hospital assessment revenue from the Hospital Quality Assurance Fund to pay administrative costs incurred from establishing and supporting the hospital performance metrics advisory committee [Section 7].
5. Extends hospital assessment for hospitals for two more years to September 30, 2015 [Section 8].
6. Allows OHA to end the adjustment to the payments to Coordinated Care Organizations currently required under ORS 414.746 by repealing this statute operative April 1, 2014 [Sections 11 and 12 and 14].
7. Provides OHA to apply for any necessary federal approvals from the Centers for Medicare and Medicaid Services and inform Legislative Counsel upon receipt of federal approval or disapproval [Section 13].

OHA reports that through discussions with hospital representatives, the Governor's Office developed the Governor's budget to continue the hospital assessment as critical funding component for health services provided under the Oregon Health Plan. Those discussions included ending the hospital adjustment as part of the payments to managed care plans and Coordinated Care Organizations (CCOs), and replacing that adjustment with assessment-funded payments that OHA would make directly to hospitals. This bill is the result of those discussions and is in support of the Governor's budget, in which hospital assessment revenue replaces General Fund.

The Oregon Health Authority estimates the extension of the 4.3% hospital assessment for the Oregon Health Plan will generate $600,000,000 in Other Fund revenue and $1,014,000,000 in federal matching funds, totaling $1,614,000,000 Total Fund impact for the seven quarters of the 2013-15 biennium; and $242,100,000 Total Fund for one quarter of the 2015-17 biennium. The bill extends the hospital assessment to September 30, 2015.

The Governor's budget anticipated the Total Fund impact of the additional 1% assessment for hospitals to be $375 million. However, based on the 1% hospital assessment and the updated Federal Medical Assistance Percentages (FMAP) rates, the Oregon Health Authority now estimate the assessment generating $145 million in Other Fund revenue and $245 million in federal matching funds, totaling $390 million dollar Total Fund impact for the seven quarters of the 2013-15 biennium, and $55,700,000 Total Fund for one quarter in the 2015-17 biennium. The bill authorizes OHA to use hospital assessment revenue from the Hospital Quality Assurance Fund to pay administrative costs incurred from establishing and supporting a hospital performance metrics advisory committee. OHA estimates that $245 million (the amount equal to the federal financial participation received from one percentage point of the hospital assessment) will be available for the performance metrics program.

The – A3 amendment adds language which includes a provision allowing expedited review for an application for a certificate of need related to certain long term care facility changes. OHA administers the application process and estimates there will be a minimal amount of applications and no associated fiscal impact.

Department of Human Services (DHS)

House Bill 2216 with the – A3 amendment reauthorizes the Long Term Care Facility Assessment and extends it through June 30, 2020. Currently the assessment is scheduled to sunset on June 30, 2014. This legislation continues the existing Medicaid reimbursement methodology for these long term care facilities, but rebasing would occur annually instead of biennially. Rebasing more frequently is expected to help capture savings associated with a related capacity reduction initiative. Effective January 1, 2014, the bill makes 25 exempt facilities subject to the assessment. These include facilities having Medicaid occupancy at greater than 85 percent and facilities operated by continuing care retirement communities. The current exemption for the Oregon Veteran's Home is retained.

In the 2013-15 biennium, the DHS fiscal impact for this portion of the amendment is $103,548,896 Total Funds. Included in this number is an adjustment to General Fund already built into the budget to replace assessment revenue lapsing under current law, which effectively drives a "net" increase of $36,996,541 Other Funds. That increase then leverages another $66,662,355 Federal Funds. These resources would be used to reimburse nursing facility providers and help incentivize a nursing facility capacity reduction. The fiscal impact for 2015-17 biennializes the revenues/expenditures associated with the continued assessment and factors in caseload changes. Assessment revenue alone is covering about 14% of the nursing facility program costs or about 38% of costs when the associated federal dollars are factored in.

The –A3 amendment also sets a goal of reducing Oregon's long term care bed capacity by 1,500 beds by December 31, 2015. The legislation establishes procedures for a licensed long term care provider to purchase the bed capacity of another long term care facility. A financial incentive, via an augmented reimbursement rate of $9.75 per Medicaid resident day, will be paid to the purchaser for a period of four years from the date of purchase. DHS estimates the fiscal impact of the augmented rate qualified buyers to be $2,851,531 Total Funds in the 2013-15 biennium, and $5,723,207 Total Funds for the 2015-17 biennium.

If the 1,500 bed reduction target is not met, DHS will start adjusting nursing facility reimbursement rates downward in 2016. The legislation sets out a schedule for rate adjustments based on progress made toward the capacity reduction goal.

This legislation bill is anticipated in the Department of Human Services Governor's budget (Policy Option Package 108), and has been re-priced in this fiscal impact statement with updated caseload and cost-per-case information.

REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Seventh Oregon Legislative Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2216 – A3
Revenue Area: Health Care
Economist: Dae Baek
Date: 5/8/2013

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description: Extends the sunset of an assessment on the net revenue of certain hospitals for two years until September 30, 2015, to provide healthcare services to eligible individuals. Extends the sunset of an assessment on long term care facilities for six years, until June 30, 2020. Removes provider assessment exemptions for all currently exempt long term care providers but the Oregon Veterans' Home, on January 1, 2014. Takes effect on the 91st day after adjournment sine die.

Revenue Impact (in $Millions):

(1) Hospital Assessment

	Biennium	
	2013-15	2015-17
Oregon Health Authority (Hospital Quality Assurance Fund)	**$ 745.0**	**$ 110.7**
Hospital Assessment (4.32 percent assessment)	**$ 600.0**	**$ 90.0**
Hospital Transformation Performance Pool (1 percent assessment)	**$ 145.0**	**$ 20.7**

Data Source: Oregon Health Authority

(2) Long Term Care Facility Assessment

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
Long Term Care Facility Quality Assurance Fund	**$ 3.9**	**$ 57.6**	**$ 61.5**	**$ 127.7**	**$ 142.0**

Data Source: Oregon Department of Human Services

Impact Explanation:

(1) Hospital Assessment

Certain large hospitals in Oregon have been paying this assessment on their net revenues to help support the Oregon Health Plan (OHP) since 2004. The assessment, with the sunset extension, is expected to raise about $600 million for the OHP in the 2013-15 biennium, assuming the current assessment rate of 4.32 percent on the total net revenue. This revenue will be distributed back to the hospitals based on certain procedures established by the Oregon Health Authority. This $600 million in turn will be matched by $1.014 billion in federal funds.

There is an additional one percent assessment over the current assessment rate. The revenue from this additional assessment will be distributed back to hospitals based on each hospital's achievement of

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certain performance metrics. The estimated revenue from this additional assessment is $145 million in the 2013-15 biennium. This revenue will be matched by $245 million in federal funds.

The assessment rate is set by the director of the Oregon Health Authority in consultation with representatives of hospitals. In total, the estimated revenue of $745 million from the assessment will bring in $1.259 billion in federal matching funds during the 2013-15 biennium.

(2) Long Term Care Facility Assessment
This bill allows the Oregon Department of Human Services to continue to collect assessment on gross revenues of long term care facilities for six more years. Under current law, the assessment is set to expire on June 30, 2014. Collected assessments leverage matching federal funds. The bill also facilitates efforts in reducing excess capacity in long term care facilities.

This bill removes provider assessment exemptions for all currently exempt long term care providers except for the Oregon Veterans' Home, on January 1, 2014. When assessment exemptions are removed, there will be an additional assessment collection of $3.9 million in the second half of the fiscal year (FY) 2013-14, which will leverage $6.7 million in matching federal funds. The extension of the assessment sunset makes possible additional collections beyond FY 2013-14. $57.6 million in the FY 2014-15 will be matched by $98.8 million in federal funds. The assessment of $127.7 million for the 2015-17 biennium will bring in $218.0 million in leveraged federal funds.

Creates, Extends, or Expands Tax Expenditure: **Yes** ☐ **No** ☒

HB 2216-A3
(LC 711)
4/19/13 (LHF/ps)

PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2216

On page 1 of the printed A-engrossed bill, line 3, after "414.746" insert ", 442.015 and 442.315" and delete "and 13" and insert ", 13, 18, 23, 24 and 31".

On page 4, after line 43, insert:

"SECTION 14. Section 15 of this 2013 Act is added to and made a part of ORS chapter 442.

"SECTION 15. (1) The Legislative Assembly finds that:

"(a) A significant amount of public and private funds are expended each year for long term care services provided to Oregonians;

"(b) Oregon has established itself as the national leader in providing a choice of noninstitutional care to low income Oregonians in need of long term care services by developing an extensive system of home health care and community-based care; and

"(c) Long term care facilities continue to provide critical services to some of Oregon's most frail and vulnerable residents with complex needs. Increasingly, long term care facilities are filling a need for transitional care between hospitals and home settings in a cost-effective manner, reducing the overall costs of long term care.

"(2) The Legislative Assembly declares its support for collaboration among state agencies that purchase health services and private health care providers in order to align financial incentives with the goals of achieving better patient care and improved health status while restraining growth in the per capita cost of health care.

"(3) It is the goal of the Legislative Assembly that the long term care facility bed capacity in Oregon be reduced by 1,500 beds by December 31, 2015, except for bed capacity in nursing facilities operated by the Department of Veterans' Affairs and facilities that either applied to the Oregon Health Authority for a certificate of need between August 1, 2011, and December 1, 2012, or submitted a letter of intent under ORS 442.315 (7) between January 15, 2013, and January 31, 2013.

"(4) In order to reduce the long term care facility bed capacity statewide, the Department of Human Services may permit an operator of a long term care facility to purchase another long term care facility's entire bed capacity if:

"(a) The long term care facility bed capacity being purchased is not in an essential long term care facility; and

"(b) The long term care facility's entire bed capacity is purchased and the seller agrees to surrender the long term care facility's license on the earlier of the date that:

"(A) The last resident is transferred from the facility; or

"(B) Is 180 days after the date of purchase.

"(5) If a long term care facility's entire bed capacity is purchased, the facility may not admit new residents to the facility except in accordance with criteria adopted by the Department of Human Services by rule.

"(6) Long term care bed capacity purchased under this section may not be transferred to another long term care facility.

"(7) The Department of Human Services may convene meetings with representatives of entities that include, but are not limited to, long term care providers, nonprofit trade associations and state and local governments to collaborate in strategies to reduce long term care facility bed capacity statewide. Participation shall be on a voluntary basis. Meetings shall be held at a time and place that is convenient for

the participants.

"(8) The Department of Human Services may conduct surveys of entities and individuals specified in subsection (7) of this section concerning current long term care facility bed capacity and strategies for increasing future capacity.

"(9) Based on the findings in subsection (1) of this section and the declaration expressed in subsection (2) of this section, the Legislative Assembly declares its intent to exempt from state antitrust laws and provide immunity from federal antitrust laws through the state action doctrine individuals and entities that engage in transactions, meetings or surveys described in subsections (4), (7) and (8) of this section that might otherwise be constrained by such laws.

"(10) The Director of Human Services or the director's designee shall engage in appropriate state supervision necessary to promote state action immunity under state and federal antitrust laws, and may inspect or request additional documentation to verify that the individuals and entities acting pursuant to subsection (4), (7) or (8) of this section are acting in accordance with the legislative intent expressed in this section.

"(11) The Director of Human Services or the director's designee, in consultation with the Long Term Care Ombudsman, shall engage in regional planning necessary to promote the safety and dignity of residents living in a long term care facility that surrenders its license under this section.

"SECTION 16. ORS 442.015 is amended to read:

"442.015. As used in ORS chapter 441 and this chapter, unless the context requires otherwise:

"(1) 'Acquire' or 'acquisition' means obtaining equipment, supplies, components or facilities by any means, including purchase, capital or operating lease, rental or donation, with intention of using such equipment, supplies,

components or facilities to provide health services in Oregon. When equipment or other materials are obtained outside of this state, acquisition is considered to occur when the equipment or other materials begin to be used in Oregon for the provision of health services or when such services are offered for use in Oregon.

"(2) 'Affected persons' has the same meaning as given to 'party' in ORS 183.310.

"(3)(a) 'Ambulatory surgical center' means a facility or portion of a facility that operates exclusively for the purpose of providing surgical services to patients who do not require hospitalization and for whom the expected duration of services does not exceed 24 hours following admission.

"(b) 'Ambulatory surgical center' does not mean:

"(A) Individual or group practice offices of private physicians or dentists that do not contain a distinct area used for outpatient surgical treatment on a regular and organized basis, or that only provide surgery routinely provided in a physician's or dentist's office using local anesthesia or conscious sedation; or

"(B) A portion of a licensed hospital designated for outpatient surgical treatment.

"[*(4) 'Budget' means the projections by the hospital for a specified future time period of expenditures and revenues with supporting statistical indicators.*]

"[*(5)*] **(4)** 'Develop' means to undertake those activities that on their completion will result in the offer of a new institutional health service or the incurring of a financial obligation, as defined under applicable state law, in relation to the offering of such a health service.

"**(5) 'Essential long term care facility' means an individual long term care facility that serves predominantly rural and frontier communities, as designated by the Office of Rural Health, and meets other criteria established by the Department of Human Services by rule.**

"(6) 'Expenditure' or 'capital expenditure' means the actual expenditure, an obligation to an expenditure, lease or similar arrangement in lieu of an expenditure, and the reasonable value of a donation or grant in lieu of an expenditure but not including any interest thereon.

"(7) 'Freestanding birthing center' means a facility licensed for the primary purpose of performing low risk deliveries.

"(8) 'Governmental unit' means the state, or any county, municipality or other political subdivision, or any related department, division, board or other agency.

"(9) 'Gross revenue' means the sum of daily hospital service charges, ambulatory service charges, ancillary service charges and other operating revenue. 'Gross revenue' does not include contributions, donations, legacies or bequests made to a hospital without restriction by the donors.

"(10)(a) 'Health care facility' means:

"(A) A hospital;

"(B) A long term care facility;

"(C) An ambulatory surgical center;

"(D) A freestanding birthing center; or

"(E) An outpatient renal dialysis center.

"(b) 'Health care facility' does not mean:

"(A) A residential facility licensed by the Department of Human Services or the Oregon Health Authority under ORS 443.415;

"(B) An establishment furnishing primarily domiciliary care as described in ORS 443.205;

"(C) A residential facility licensed or approved under the rules of the Department of Corrections;

"(D) Facilities established by ORS 430.335 for treatment of substance abuse disorders; or

"(E) Community mental health programs or community developmental disabilities programs established under ORS 430.620.

"(11) 'Health maintenance organization' or 'HMO' means a public organization or a private organization organized under the laws of any state that:

"(a) Is a qualified HMO under section 1310 (d) of the U.S. Public Health Services Act; or

"(b)(A) Provides or otherwise makes available to enrolled participants health care services, including at least the following basic health care services:

"(i) Usual physician services;

"(ii) Hospitalization;

"(iii) Laboratory;

"(iv) X-ray;

"(v) Emergency and preventive services; and

"(vi) Out-of-area coverage;

"(B) Is compensated, except for copayments, for the provision of the basic health care services listed in subparagraph (A) of this paragraph to enrolled participants on a predetermined periodic rate basis; and

"(C) Provides physicians' services primarily directly through physicians who are either employees or partners of such organization, or through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice basis.

"(12) 'Health services' means clinically related diagnostic, treatment or rehabilitative services, and includes alcohol, drug or controlled substance abuse and mental health services that may be provided either directly or indirectly on an inpatient or ambulatory patient basis.

"(13) 'Hospital' means:

"(a) A facility with an organized medical staff and a permanent building that is capable of providing 24-hour inpatient care to two or more individuals who have an illness or injury and that provides at least the following health services:

"(A) Medical;

"(B) Nursing;

"(C) Laboratory;

"(D) Pharmacy; and

"(E) Dietary; or

"(b) A special inpatient care facility as that term is defined by the [*Oregon Health*] authority by rule.

"(14) 'Institutional health services' means health services provided in or through health care facilities and includes the entities in or through which such services are provided.

"(15) 'Intermediate care facility' means a facility that provides, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment that a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services above the level of room and board that can be made available to them only through institutional facilities.

"(16) 'Long term care facility' means a facility with permanent facilities that include inpatient beds, providing medical services, including nursing services but excluding surgical procedures except as may be permitted by the rules of the Director of Human Services, to provide treatment for two or more unrelated patients. 'Long term care facility' includes skilled nursing facilities and intermediate care facilities but may not be construed to include facilities licensed and operated pursuant to ORS 443.400 to 443.455.

"(17) 'New hospital' means a facility that did not offer hospital services on a regular basis within its service area within the prior 12-month period and is initiating or proposing to initiate such services. 'New hospital' also includes any replacement of an existing hospital that involves a substantial increase or change in the services offered.

"(18) 'New skilled nursing or intermediate care service or facility' means a service or facility that did not offer long term care services on a regular basis by or through the facility within the prior 12-month period and is ini-

tiating or proposing to initiate such services. 'New skilled nursing or intermediate care service or facility' also includes the rebuilding of a long term care facility, the relocation of buildings that are a part of a long term care facility, the relocation of long term care beds from one facility to another or an increase in the number of beds of more than 10 or 10 percent of the bed capacity, whichever is the lesser, within a two-year period **in a facility that applied for a certificate of need between August 1, 2011, and December 1, 2012, or submitted a letter of intent under ORS 442.315 (7) between January 15, 2013, and January 31, 2013**.

"(19) 'Offer' means that the health care facility holds itself out as capable of providing, or as having the means for the provision of, specified health services.

"(20) 'Outpatient renal dialysis facility' means a facility that provides renal dialysis services directly to outpatients.

"(21) 'Person' means an individual, a trust or estate, a partnership, a corporation (including associations, joint stock companies and insurance companies), a state, or a political subdivision or instrumentality, including a municipal corporation, of a state.

"(22) 'Skilled nursing facility' means a facility or a distinct part of a facility, that is primarily engaged in providing to inpatients skilled nursing care and related services for patients who require medical or nursing care, or an institution that provides rehabilitation services for the rehabilitation of individuals who are injured or sick or who have disabilities.

"SECTION 17. ORS 442.315 is amended to read:

"442.315. (1) Any new hospital or new skilled nursing or intermediate care service or facility not excluded pursuant to ORS 441.065**, and any long term care facility for which a license was surrendered under section 15 of this 2013 Act,** shall obtain a certificate of need from the Oregon Health Authority prior to an offering or development.

"(2) The authority shall adopt rules specifying criteria and procedures for

making decisions as to the need for the new services or facilities.

"(3)(a) An applicant for a certificate of need shall apply to the authority on forms provided for this purpose by authority rule.

"(b) An applicant shall pay a fee prescribed as provided in this section. Subject to the approval of the Oregon Department of Administrative Services, the authority shall prescribe application fees, based on the complexity and scope of the proposed project.

"(4) The authority shall be the decision-making authority for the purpose of certificates of need. **The authority may establish an expedited review process for an application for a certificate of need to rebuild a long term care facility, relocate buildings that are part of a long term care facility or relocate long term care facility bed capacity from one long term care facility to another. The authority shall issue a proposed order not later than 120 days after the date a complete application for expedited review is received by the authority.**

"(5)(a) An applicant or any affected person who is dissatisfied with the proposed decision of the authority is entitled to an informal hearing in the course of review and before a final decision is rendered.

"(b) Following a final decision being rendered by the authority, an applicant or any affected person may request a reconsideration hearing pursuant to ORS chapter 183.

"(c) In any proceeding brought by an affected person or an applicant challenging an authority decision under this subsection, the authority shall follow procedures consistent with the provisions of ORS chapter 183 relating to a contested case.

"(6) Once a certificate of need has been issued, it may not be revoked or rescinded unless it was acquired by fraud or deceit. However, if the authority finds that a person is offering or developing a project that is not within the scope of the certificate of need, the authority may limit the project as specified in the issued certificate of need or reconsider the appli-

cation. A certificate of need is not transferable.

"(7) Nothing in this section applies to any hospital, skilled nursing or intermediate care service or facility that seeks to replace equipment with equipment of similar basic technological function or an upgrade that improves the quality or cost-effectiveness of the service provided. Any person acquiring such replacement or upgrade shall file a letter of intent for the project in accordance with the rules of the authority if the price of the replacement equipment or upgrade exceeds $1 million.

"(8) Except as required in subsection (1) of this section for a new hospital or new skilled nursing or intermediate care service or facility not operating as a Medicare swing bed program, nothing in this section requires a rural hospital as defined in ORS 442.470 (5)(a)(A) and (B) to obtain a certificate of need.

"(9) Nothing in this section applies to basic health services, but basic health services do not include:

"(a) Magnetic resonance imaging scanners;

"(b) Positron emission tomography scanners;

"(c) Cardiac catheterization equipment;

"(d) Megavoltage radiation therapy equipment;

"(e) Extracorporeal shock wave lithotriptors;

"(f) Neonatal intensive care;

"(g) Burn care;

"(h) Trauma care;

"(i) Inpatient psychiatric services;

"(j) Inpatient chemical dependency services;

"(k) Inpatient rehabilitation services;

"(L) Open heart surgery; or

"(m) Organ transplant services.

"(10) In addition to any other remedy provided by law, whenever it appears that any person is engaged in, or is about to engage in, any acts that

constitute a violation of this section, or any rule or order issued by the authority under this section, the authority may institute proceedings in the circuit courts to enforce obedience to such statute, rule or order by injunction or by other processes, mandatory or otherwise.

"(11) As used in this section, 'basic health services' means health services offered in or through a hospital licensed under ORS chapter 441, except skilled nursing or intermediate care nursing facilities or services and those services specified in subsection (9) of this section.

"SECTION 18. Section 18, chapter 736, Oregon Laws 2003, as amended by section 34, chapter 736, Oregon Laws 2003, section 7, chapter 757, Oregon Laws 2005, and section 10, chapter 780, Oregon Laws 2007, is amended to read:

"**Sec. 18.** [*(1)*] The Oregon Veterans' Home is exempt from the assessment imposed under section 16, chapter 736, Oregon Laws 2003.

"[*(2) A waivered long term care facility is exempt from the long term care facility assessment imposed under section 16, chapter 736, Oregon Laws 2003.*]

"[*(3) As used in this section, 'waivered long term care facility' means:*]

"[*(a) A long term care facility operated by a continuing care retirement community that is registered under ORS 101.030 and that admits:*]

"[*(A) Residents of the continuing care retirement community; or*]

"[*(B) Residents of the continuing care retirement community and nonresidents; or*]

"[*(b) A long term care facility that is annually identified by the Department of Human Services as having a Medicaid recipient census that exceeds the census level established by the department for the year for which the facility is identified.*]

"SECTION 19. Section 23, chapter 736, Oregon Laws 2003, as amended by section 8, chapter 757, Oregon Laws 2005, and section 11, chapter 780, Oregon Laws 2007, is amended to read:

"**Sec. 23.** Sections 15 to 22, chapter 736, Oregon Laws 2003, apply to long

term care facility assessments imposed in calendar quarters beginning on or after November 26, 2003, and before July 1, [*2014*] **2020**.

"SECTION 20. Section 24, chapter 736, Oregon Laws 2003, as amended by section 11, chapter 757, Oregon Laws 2005, and section 12, chapter 780, Oregon Laws 2007, is amended to read:

"**Sec. 24.** (1) The Long Term Care Facility Quality Assurance Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Long Term Care Facility Quality Assurance Fund shall be credited to the fund.

"(2) Amounts in the Long Term Care Facility Quality Assurance Fund are continuously appropriated to the Department of Human Services for the purposes of paying refunds due under section 20, chapter 736, Oregon Laws 2003, and funding long term care facilities, as defined in section 15, chapter 736, Oregon Laws 2003, that are a part of the Oregon Medicaid reimbursement system.

"(3) Funds in the Long Term Care Facility Quality Assurance Fund and the matching federal financial participation under Title XIX of the Social Security Act may be used to fund Medicaid-certified long term care facilities using only the reimbursement methodology described in [*subsection (4)*] **subsections (4) and (5)** of this section to achieve a rate of reimbursement greater than the rate in effect on June 30, 2003.

"(4) The reimbursement methodology used to make additional payments to Medicaid-certified long term care facilities includes but is not limited to:

"(a) Rebasing [*biennially, beginning on July 1 of each odd-numbered year*] **on July 1 of each year**;

"[*(b) Adjusting for inflation in the nonrebasing year;*]

"[*(c)*] **(b)** Continuing the use of the pediatric rate;

"[*(d)*] **(c)** Continuing the use of the complex medical needs additional payment; **and**

"[*(e)*] **(d)** Discontinuing the use of the relationship percentage, except

when calculating the pediatric rate in paragraph [*(c)*] **(b)** of this subsection[*; and*]**.**

"**(5) In addition to the reimbursement methodology described in subsection (4) of this section, the department may make additional payments of $9.75 per resident who receives medical assistance to a long term care facility that purchased long term care bed capacity under section 15 of this 2013 Act on or after October 1, 2013, and on or before December 31, 2015. The payments may be made for a period of four years from the date of purchase. The department may not make additional payments under this section until the Medicaid-certified long term care facility is found by the department to meet quality standards adopted by the department by rule.**

"[*(f)*] **(6)(a)** [*Requiring*] The department [*of Human Services to*] **shall** reimburse costs **using the methodology described in subsections (4) and (5) of this section** at a rate not lower than [*the 63rd percentile ceiling*] **a percentile** of allowable costs for the [*biennium*] **period** for which the reimbursement is made.

"**(b) For the period beginning July 1, 2013, and ending June 30, 2016, the department shall reimburse costs at a rate not lower than the 63rd percentile of rebased allowable costs for that period.**

"(c) For each three-month period beginning on or after July 1, 2016, in which the reduction in bed capacity in Medicaid-certified long term care facilities is less than the goal established in section 15 of this 2013 Act, the department shall reimburse costs at a rate not lower than the percentile of allowable costs according to the following schedule:

"(A) 62nd percentile for a reduction of 1,350 or more beds.

"(B) 61st percentile for a reduction of 1,200 or more beds but less than 1,350 beds.

"(C) 60th percentile for a reduction of 1,050 or more beds but less than 1,200 beds.

"(D) 59th percentile for a reduction of 900 or more beds but less than 1,050 beds.

"(E) 58th percentile for a reduction of 750 or more beds but less than 900 beds.

"(F) 57th percentile for a reduction of 600 or more beds but less than 750 beds.

"(G) 56th percentile for a reduction of 450 or more beds but less than 600 beds.

"(H) 55th percentile for a reduction of 300 or more beds but less than 450 beds.

"(I) 54th percentile for a reduction of 150 or more beds but less than 300 beds.

"(J) 53rd percentile for a reduction of 1 to 49 beds.

"(7) A reduction in the percentile of allowable costs reimbursed under subsection (6) of this section is not subject to ORS 410.555.

"**SECTION 21.** Section 31, chapter 736, Oregon Laws 2003, as amended by section 9, chapter 757, Oregon Laws 2005, section 14, chapter 780, Oregon Laws 2007, and section 49, chapter 11, Oregon Laws 2009, is amended to read:

"**Sec. 31.** Sections 15 to 22, 24 and 29, chapter 736, Oregon Laws 2003, are repealed on [*January 2, 2015*] **January 2, 2021**.

"**SECTION 22.** ORS 442.015, as amended by section 16 of this 2013 Act, is amended to read:

"442.015. As used in ORS chapter 441 and this chapter, unless the context requires otherwise:

"(1) 'Acquire' or 'acquisition' means obtaining equipment, supplies, components or facilities by any means, including purchase, capital or operating lease, rental or donation, with intention of using such equipment, supplies, components or facilities to provide health services in Oregon. When equipment or other materials are obtained outside of this state, acquisition is considered to occur when the equipment or other materials begin to be used

in Oregon for the provision of health services or when such services are offered for use in Oregon.

"(2) 'Affected persons' has the same meaning as given to 'party' in ORS 183.310.

"(3)(a) 'Ambulatory surgical center' means a facility or portion of a facility that operates exclusively for the purpose of providing surgical services to patients who do not require hospitalization and for whom the expected duration of services does not exceed 24 hours following admission.

"(b) 'Ambulatory surgical center' does not mean:

"(A) Individual or group practice offices of private physicians or dentists that do not contain a distinct area used for outpatient surgical treatment on a regular and organized basis, or that only provide surgery routinely provided in a physician's or dentist's office using local anesthesia or conscious sedation; or

"(B) A portion of a licensed hospital designated for outpatient surgical treatment.

"(4) 'Develop' means to undertake those activities that on their completion will result in the offer of a new institutional health service or the incurring of a financial obligation, as defined under applicable state law, in relation to the offering of such a health service.

"[*(5) 'Essential long term care facility' means an individual long term care facility that serves predominantly rural and frontier communities, as designated by the Office of Rural Health, and meets other criteria established by the Department of Human Services by rule.*]

"[*(6)*] **(5)** 'Expenditure' or 'capital expenditure' means the actual expenditure, an obligation to an expenditure, lease or similar arrangement in lieu of an expenditure, and the reasonable value of a donation or grant in lieu of an expenditure but not including any interest thereon.

"[*(7)*] **(6)** 'Freestanding birthing center' means a facility licensed for the primary purpose of performing low risk deliveries.

"[*(8)*] **(7)** 'Governmental unit' means the state, or any county, municipality or other political subdivision, or any related department, division, board or other agency.

"[*(9)*] **(8)** 'Gross revenue' means the sum of daily hospital service charges, ambulatory service charges, ancillary service charges and other operating revenue. 'Gross revenue' does not include contributions, donations, legacies or bequests made to a hospital without restriction by the donors.

"[*(10)(a)*] **(9)(a)** 'Health care facility' means:

"(A) A hospital;

"(B) A long term care facility;

"(C) An ambulatory surgical center;

"(D) A freestanding birthing center; or

"(E) An outpatient renal dialysis center.

"(b) 'Health care facility' does not mean:

"(A) A residential facility licensed by the Department of Human Services or the Oregon Health Authority under ORS 443.415;

"(B) An establishment furnishing primarily domiciliary care as described in ORS 443.205;

"(C) A residential facility licensed or approved under the rules of the Department of Corrections;

"(D) Facilities established by ORS 430.335 for treatment of substance abuse disorders; or

"(E) Community mental health programs or community developmental disabilities programs established under ORS 430.620.

"[*(11)*] **(10)** 'Health maintenance organization' or 'HMO' means a public organization or a private organization organized under the laws of any state that:

"(a) Is a qualified HMO under section 1310 (d) of the U.S. Public Health Services Act; or

"(b)(A) Provides or otherwise makes available to enrolled participants

health care services, including at least the following basic health care services:

"(i) Usual physician services;

"(ii) Hospitalization;

"(iii) Laboratory;

"(iv) X-ray;

"(v) Emergency and preventive services; and

"(vi) Out-of-area coverage;

"(B) Is compensated, except for copayments, for the provision of the basic health care services listed in subparagraph (A) of this paragraph to enrolled participants on a predetermined periodic rate basis; and

"(C) Provides physicians' services primarily directly through physicians who are either employees or partners of such organization, or through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice basis.

"[*(12)*] **(11)** 'Health services' means clinically related diagnostic, treatment or rehabilitative services, and includes alcohol, drug or controlled substance abuse and mental health services that may be provided either directly or indirectly on an inpatient or ambulatory patient basis.

"[*(13)*] **(12)** 'Hospital' means:

"(a) A facility with an organized medical staff and a permanent building that is capable of providing 24-hour inpatient care to two or more individuals who have an illness or injury and that provides at least the following health services:

"(A) Medical;

"(B) Nursing;

"(C) Laboratory;

"(D) Pharmacy; and

"(E) Dietary; or

"(b) A special inpatient care facility as that term is defined by the au-

thority by rule.

"[*(14)*] **(13)** 'Institutional health services' means health services provided in or through health care facilities and includes the entities in or through which such services are provided.

"[*(15)*] **(14)** 'Intermediate care facility' means a facility that provides, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment that a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services above the level of room and board that can be made available to them only through institutional facilities.

"[*(16)*] **(15)** 'Long term care facility' means a facility with permanent facilities that include inpatient beds, providing medical services, including nursing services but excluding surgical procedures except as may be permitted by the rules of the Director of Human Services, to provide treatment for two or more unrelated patients. 'Long term care facility' includes skilled nursing facilities and intermediate care facilities but may not be construed to include facilities licensed and operated pursuant to ORS 443.400 to 443.455.

"[*(17)*] **(16)** 'New hospital' means a facility that did not offer hospital services on a regular basis within its service area within the prior 12-month period and is initiating or proposing to initiate such services. 'New hospital' also includes any replacement of an existing hospital that involves a substantial increase or change in the services offered.

"[*(18)*] **(17)** 'New skilled nursing or intermediate care service or facility' means a service or facility that did not offer long term care services on a regular basis by or through the facility within the prior 12-month period and is initiating or proposing to initiate such services. 'New skilled nursing or intermediate care service or facility' also includes the rebuilding of a long term care facility, the relocation of buildings that are a part of a long term care facility, the relocation of long term care beds from one facility to another or an increase in the number of beds of more than 10 or 10 percent of

the bed capacity, whichever is the lesser, within a two-year period [*in a facility that applied for a certificate of need between August 1, 2011, and December 1, 2012, or submitted a letter of intent under ORS 442.315 (7) between January 15, 2013, and January 31, 2013*].

"[*(19)*] **(18)** 'Offer' means that the health care facility holds itself out as capable of providing, or as having the means for the provision of, specified health services.

"[*(20)*] **(19)** 'Outpatient renal dialysis facility' means a facility that provides renal dialysis services directly to outpatients.

"[*(21)*] **(20)** 'Person' means an individual, a trust or estate, a partnership, a corporation (including associations, joint stock companies and insurance companies), a state, or a political subdivision or instrumentality, including a municipal corporation, of a state.

"[*(22)*] **(21)** 'Skilled nursing facility' means a facility or a distinct part of a facility, that is primarily engaged in providing to inpatients skilled nursing care and related services for patients who require medical or nursing care, or an institution that provides rehabilitation services for the rehabilitation of individuals who are injured or sick or who have disabilities.

"SECTION 23. ORS 442.315, as amended by section 17 of this 2013 Act, is amended to read:

"442.315. (1) Any new hospital or new skilled nursing or intermediate care service or facility not excluded pursuant to ORS 441.065[*, and any long term care facility for which a license was surrendered under section 15 of this 2013 Act,*] shall obtain a certificate of need from the Oregon Health Authority prior to an offering or development.

"(2) The authority shall adopt rules specifying criteria and procedures for making decisions as to the need for the new services or facilities.

"(3)(a) An applicant for a certificate of need shall apply to the authority on forms provided for this purpose by authority rule.

"(b) An applicant shall pay a fee prescribed as provided in this section.

Subject to the approval of the Oregon Department of Administrative Services, the authority shall prescribe application fees, based on the complexity and scope of the proposed project.

"(4) The authority shall be the decision-making authority for the purpose of certificates of need. The authority may establish an expedited review process for an application for a certificate of need to rebuild a long term care facility, relocate buildings that are part of a long term care facility or relocate long term care facility bed capacity from one long term care facility to another. The authority shall issue a proposed order not later than 120 days after the date a complete application for expedited review is received by the authority.

"(5)(a) An applicant or any affected person who is dissatisfied with the proposed decision of the authority is entitled to an informal hearing in the course of review and before a final decision is rendered.

"(b) Following a final decision being rendered by the authority, an applicant or any affected person may request a reconsideration hearing pursuant to ORS chapter 183.

"(c) In any proceeding brought by an affected person or an applicant challenging an authority decision under this subsection, the authority shall follow procedures consistent with the provisions of ORS chapter 183 relating to a contested case.

"(6) Once a certificate of need has been issued, it may not be revoked or rescinded unless it was acquired by fraud or deceit. However, if the authority finds that a person is offering or developing a project that is not within the scope of the certificate of need, the authority may limit the project as specified in the issued certificate of need or reconsider the application. A certificate of need is not transferable.

"(7) Nothing in this section applies to any hospital, skilled nursing or intermediate care service or facility that seeks to replace equipment with equipment of similar basic technological function or an upgrade that im-

proves the quality or cost-effectiveness of the service provided. Any person acquiring such replacement or upgrade shall file a letter of intent for the project in accordance with the rules of the authority if the price of the replacement equipment or upgrade exceeds $1 million.

"(8) Except as required in subsection (1) of this section for a new hospital or new skilled nursing or intermediate care service or facility not operating as a Medicare swing bed program, nothing in this section requires a rural hospital as defined in ORS 442.470 (5)(a)(A) and (B) to obtain a certificate of need.

"(9) Nothing in this section applies to basic health services, but basic health services do not include:

"(a) Magnetic resonance imaging scanners;

"(b) Positron emission tomography scanners;

"(c) Cardiac catheterization equipment;

"(d) Megavoltage radiation therapy equipment;

"(e) Extracorporeal shock wave lithotriptors;

"(f) Neonatal intensive care;

"(g) Burn care;

"(h) Trauma care;

"(i) Inpatient psychiatric services;

"(j) Inpatient chemical dependency services;

"(k) Inpatient rehabilitation services;

"(L) Open heart surgery; or

"(m) Organ transplant services.

"(10) In addition to any other remedy provided by law, whenever it appears that any person is engaged in, or is about to engage in, any acts that constitute a violation of this section, or any rule or order issued by the authority under this section, the authority may institute proceedings in the circuit courts to enforce obedience to such statute, rule or order by injunction or by other processes, mandatory or otherwise.

"(11) As used in this section, 'basic health services' means health services offered in or through a hospital licensed under ORS chapter 441, except skilled nursing or intermediate care nursing facilities or services and those services specified in subsection (9) of this section.

"SECTION 24. Section 24, chapter 736, Oregon Laws 2003, as amended by section 11, chapter 757, Oregon Laws 2005, section 12, chapter 780, Oregon Laws 2007, and section 20 of this 2013 Act, is amended to read:

"**Sec. 24.** (1) The Long Term Care Facility Quality Assurance Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Long Term Care Facility Quality Assurance Fund shall be credited to the fund.

"(2) Amounts in the Long Term Care Facility Quality Assurance Fund are continuously appropriated to the Department of Human Services for the purposes of paying refunds due under section 20, chapter 736, Oregon Laws 2003, and funding long term care facilities, as defined in section 15, chapter 736, Oregon Laws 2003, that are a part of the Oregon Medicaid reimbursement system.

"(3) Funds in the Long Term Care Facility Quality Assurance Fund and the matching federal financial participation under Title XIX of the Social Security Act may be used to fund Medicaid-certified long term care facilities using only the reimbursement methodology described in [*subsections (4) and (5)*] **subsection (4)** of this section to achieve a rate of reimbursement greater than the rate in effect on June 30, 2003.

"(4) The reimbursement methodology used to make additional payments to Medicaid-certified long term care facilities includes but is not limited to:

"(a) Rebasing on July 1 of each year;

"(b) Continuing the use of the pediatric rate;

"(c) Continuing the use of the complex medical needs additional payment; and

"(d) Discontinuing the use of the relationship percentage, except when

calculating the pediatric rate in paragraph (b) of this subsection.

"[*(5) In addition to the reimbursement methodology described in subsection (4) of this section, the department may make additional payments of $9.75 per resident who receives medical assistance to a long term care facility that purchased long term care bed capacity under section 15 of this 2013 Act on or after October 1, 2013, and on or before December 31, 2015. The payments may be made for a period of four years from the date of purchase. The department may not make additional payments under this section until the Medicaid-certified long term care facility is found by the department to meet quality standards adopted by the department by rule.*]

"[*(6)(a)*] **(5)(a)** The department shall reimburse costs using the methodology described in [*subsections (4) and (5)*] **subsection (4)** of this section at a rate not lower than a percentile of allowable costs for the period for which the reimbursement is made.

"(b) For the period beginning July 1, 2013, and ending June 30, 2016, the department shall reimburse costs at a rate not lower than the 63rd percentile of rebased allowable costs for that period.

"(c) For each three-month period beginning on or after July 1, 2016, in which the reduction in bed capacity in Medicaid-certified long term care facilities is less than [*the goal established in section 15 of this 2013 Act*] **1,500 in bed capacity statewide that existed on the effective date of this 2013 Act**, the department shall reimburse costs at a rate not lower than the percentile of allowable costs according to the following schedule:

"(A) 62nd percentile for a reduction of 1,350 or more beds.

"(B) 61st percentile for a reduction of 1,200 or more beds but less than 1,350 beds.

"(C) 60th percentile for a reduction of 1,050 or more beds but less than 1,200 beds.

"(D) 59th percentile for a reduction of 900 or more beds but less than 1,050 beds.

"(E) 58th percentile for a reduction of 750 or more beds but less than 900 beds.

"(F) 57th percentile for a reduction of 600 or more beds but less than 750 beds.

"(G) 56th percentile for a reduction of 450 or more beds but less than 600 beds.

"(H) 55th percentile for a reduction of 300 or more beds but less than 450 beds.

"(I) 54th percentile for a reduction of 150 or more beds but less than 300 beds.

"(J) 53rd percentile for a reduction of 1 to 149 beds.

"[*(7)*] **(6)** A reduction in the percentile **ceiling** of allowable costs reimbursed under subsection [*(6)*] **(5)** of this section is not subject to ORS 410.555.".

In line 44, delete "14" and insert "25".

On page 5, after line 5, insert:

"SECTION 26. (1) The amendments to section 18, chapter 736, Oregon Laws 2003, by section 18 of this 2013 Act become operative January 1, 2014.

"(2) The amendments to ORS 442.015 and 442.315 and section 24, chapter 736, Oregon Laws 2003, by sections 22, 23 and 24 of this 2013 Act become operative June 30, 2020.

"SECTION 27. Section 15 of this 2013 Act is repealed June 30, 2020.".

In line 6, delete "15" and insert "28".
