HB 3076 -3, -4 STAFF MEASURE SUMMARY

House Committee On Health Care

Prepared By: Oliver Droppers, LPRO Analyst
Meeting Dates: 3/28, 4/9

WHAT THE MEASURE DOES:

Requires nonprofit hospitals and hospital systems to establish financial assistance policies meeting specified criteria. Establishes consumer rights with respect to billing and charges for hospital services. Requires each hospital to conduct assessment of community health care needs and develop three-year strategy to address community health care needs. Specifies requirements for needs assessment and development of strategy. Requires hospital to post certain information on website. Requires Oregon Health Authority (OHA) to establish community benefit spending floor for hospitals and hospital systems. Provides remedies and penalties for failing to meet spending floor. Requires nonprofit hospital system to annually report to authority specified information regarding hospital system. Prohibits insurer from prohibiting hospital from waiving all or part of copayments or deductibles as condition of reimbursement for services under policy or certificate of insurance.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 Modifies requirement that hospitals must charge the Medicare rate and provider a discount for individuals from 200 percent to 400 percent of FLP to "at least." Removes required discounts for a patient whose household income ranges between 400-600 percent of the FPL. Exempts the Oregon State Hospital, hospital operated by Veterans Affairs, or any hospital operated by the state or federal government from the financial assistance policy requirements and community health needs assessment requirement. Requires OHA to work with hospital systems to: (1) develop best practice and reporting for financial assistance policies, (2) develop methods to evaluate impact of community benefit programs, (3) evaluate the impact of hospital community benefit programs on access to health care, health outcomes, health disparities, and health equity. Directs OHA to report to the interim communities of the Legislative Assembly related to health the results of the study and recommendations by January 2, 2021. Every two years, requires OHA in consultation with hospitals to establish qualitative and quantitate spending floors for each hospital based on specified criteria. Requires OHA to create a form for hospitals to report on the description of community benefits provided and related expenditures, specific to improving the social determinants of health.

REVENUE: Statement issued: further analysis required.
FISCAL: Statement issued: further analysis required.

-4 Replaces measure. Requires hospital-affiliated clinics to have written financial assistance policies consistent with the policies of its affiliated hospital and comply with current law including financial assistance to cover costs of emergency and medically necessary health services for individuals whose household income is at or below 200 percent of the FPL. Requires OHA to establish an advisory committee to analyze and make recommendations on community benefit reporting and financial assistance policies for hospitals. Specifies committee membership and study criteria. Authorizes OHA to collect information to support the advisory committee fulfilling its duties. Allows a hospital to report information by hospital or health systems, depending on the structure of the hospital's community benefit program. Defines social determinants of health. Allows OHA to modify current community benefit reporting system to require hospitals to identify activities and expenditures that address social determinants of health. Prohibits OHA from requiring a hospital to invest in specific types of community benefits

or adopt rules inconsistent with or duplicative of a hospital's obligations under section 503(r)(3) of the Internal Revenue Code.

REVENUE: Statement issued: further analysis required.
FISCAL: Statement issued: further analysis required.

BACKGROUND:

In 2007, House Bill 3290 established Oregon's community benefit reporting law to document the benefits hospitals provide to communities. Hospitals must report their yearly community benefit costs to the Oregon Health Authority (OHA). Oregon's 60 acute care hospitals are subject to this reporting requirement. However, McKenzie-Willamette Medical Center in Springfield and Willamette Valley Medical Center in McMinnville are for-profit hospitals that do not have an obligation to provide community benefits because they are subject to property and income taxes (OHA 2018).

According to the Legislative Revenue Office (2017), under federal law, to qualify for and maintain tax exempt 501(c)(3) status, including additional requirements placed upon hospitals as part of the Affordable Care Act of 2010 (ACA) hospitals must:: (1) establish a written financial assistance policy detailing eligibility for financial assistance, basis for calculating amounts charged, method for applying for financial assistance, and widely publicize policy with service community; (2) develop a written policy requiring the organization to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the financial assistance policy; (3) limit amounts charged for emergency or other medically necessary care to individuals eligible for assistance to not more than the amounts generally billed to individuals who have insurance covering such care; (4) make reasonable efforts to determine whether an individual is eligible for assistance prior to engaging in extraordinary collection actions; and (5) conduct a community health needs assessment and adopt an implementation strategy to meet the identified community health needs (LRO 2017).

Oregon law defines community benefits as services, spending or actions taken by a hospital in the community, in exchange for tax-exempt status. There is no defined minimum community benefit a hospital must provide. The types of community benefits may include:

- costs incurred to train health care professionals;
- unreimbursed Medicare and Medicaid costs, which refers to costs incurred by hospitals that exceed the level of reimbursement provided by Medicare or Medicaid programs;
- charity care, which are costs of providing care to individuals unable to pay for all or part of the services;
- research costs, which are expenses incurred by hospitals related to a research study (e.g. salary and benefits, equipment, facilities, etc.); and
- community health improvements, which are efforts to support local activities or programs that improve community health.

There are several other types of benefits, including subsidized health services, cash and in-kind contributions, public program costs, community building costs and community benefit operation costs.

According to OHA's Office of Health Analytics Community Benefit Report, Oregon hospitals provided $2.2 billion in community benefits in fiscal year 2016, increasing by 14 percent from fiscal year 2015 to 2016, attributed largely to unreimbursed Medicare and Medicaid rates. Unreimbursed costs that hospitals incur in providing critical health services accounts for approximately 83 percent of total community benefit with 73 percent due to unreimbursed Medicare and Medicaid (OHA 2018).

House Bill 3076 requires nonprofit hospitals and health systems to create new or modify existing charity care policies.