HB 3076   STAFF MEASURE SUMMARY

House Committee On Rules

Prepared By:	Josh Nasbe, Counsel
Meeting Dates:	4/29

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 same. 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 report specified information annually to OHA. 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:

No amendment.

BACKGROUND:

Not-for-profit hospitals may qualify for tax-exempt status at both the federal and state level. According to the Legislative Revenue Office, to qualify for and maintain federal tax-exempt 501(c)(3) status, hospitals must comply with a number of requirements (in addition to those imposed by the Affordable Care Act) including: establishing and widely publicizing a written financial assistance policy detailing eligibility criteria, the basis for calculating amounts charged, and how to apply; developing a written policy requiring the organization to provide emergency medical care indiscriminately regardless of a patient's eligibility for assistance; charging generally the same amounts for emergency or other medically necessary care provided to individuals eligible for assistance as to individuals with insurance; making reasonable efforts to determine whether an individual is eligible for assistance prior to engaging in extraordinary collection actions; and conducting a community health needs assessment and adopting an implementation strategy to meet identified needs.

To maintain tax-exempt status at the state level, not-for-profit hospitals must document the benefits they provide to communities and report annually to the Oregon Health Authority (OHA), pursuant to House Bill 3290 (2007). 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.

Community benefits are defined as services, spending, or actions taken by a hospital in the community, in exchange for its tax-exempt status. There is no defined minimum community benefit a hospital must provide. Community benefits may include costs incurred to train health care professionals; costs that exceed reimbursement provided by Medicare or Medicaid programs; charity care for individuals who are unable to pay; research costs; and supporting local activities or programs that improve community health. Other types of benefits include 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, representing a 14

percent increase compared to the prior fiscal year, attributed largely to unreimbursed Medicare and Medicaid rates. Unreimbursed costs that hospitals incur in providing critical health services account for approximately 83 percent of total community benefit with 73 percent due to unreimbursed Medicare and Medicaid.

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