

HB 3076 A STAFF MEASURE SUMMARY

Senate Committee On Rules

Prepared By: Josh Nasbe, Counsel

Meeting Dates: 6/3

WHAT THE MEASURE DOES:

Directs Oregon Health Authority to establish community benefit spending floor applicable to nonprofit hospitals. Requires nonprofit hospitals to maintain financial assistance policies that include specified reductions based on patient's household income. Phases in additional income-related requirements, beginning January 1, 2021. Requires nonprofit hospital to screen patients for eligibility for policy and for state medical assistance, upon request. Requires hospital to screen for patients with income less than 200 percent of federal poverty guidelines, before transferring unpaid bill to collections and prohibits collection of interest. Limits interest that may be applied to debt of patients whose income exceeds 200 percent of guidelines. Classifies violation as unlawful debt collection practice. Requires health care facilities to annually report to Oregon Health Authority.

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

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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 A regulates the charity care policies of nonprofit hospitals and health systems.

PRELIMINARY