

A-Engrossed House Bill 2010

Ordered by the House February 14
Including House Amendments dated February 14

Sponsored by Representative FAHEY (at the request of Governor Tina Kotek) (Presession filed.)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act keeps certain provider taxes in place. (Flesch Readability Score: 71.8).

Extends the assessment on earnings from health plan premiums, the assessment on payments by the Oregon Health Authority to managed care organizations, the assessment on hospitals and the Oregon Reinsurance Program. **Allows the Director of the Oregon Health Authority to adopt different rates of assessment for the net inpatient revenue and net outpatient revenue of hospitals.**

Extends the temporary increase in net reimbursement guaranteed to the Oregon Health and Science University for the costs of services paid for with Medicaid funds.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to funding to improve access to health care; creating new provisions; amending ORS
3 243.135, 291.055, 317A.100, 414.853, 414.855, 414.871, 414.884, 415.500, 731.292, 731.509 and 731.840
4 and sections 12, 13 and 14, chapter 736, Oregon Laws 2003, sections 4, 8 and 48, chapter 538,
5 Oregon Laws 2017, and section 19, chapter 2, Oregon Laws 2019; repealing ORS 414.871, 414.880,
6 414.882, 414.884 and 414.902 and sections 2, 3, 4, 5, 6, 7 and 8, chapter 538, Oregon Laws 2017;
7 and prescribing an effective date.

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

HEALTH INSURANCE PREMIUM ASSESSMENT AND OREGON REINSURANCE PROGRAM

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13 **SECTION 1.** Section 4, chapter 538, Oregon Laws 2017, as amended by section 5, chapter 2,
14 Oregon Laws 2019, is amended to read:

15 **Sec. 4.** Section 3, chapter 538, Oregon Laws 2017, applies to premium equivalents received by
16 the Public Employees' Benefit Board, or a third party administrator that contracts with the board
17 to administer a self-insured health benefit plan, during the period from January 1, 2020, through
18 December 31, [2026] **2032**.

19 **SECTION 2.** Section 8, chapter 538, Oregon Laws 2017, as amended by section 8, chapter 2,
20 Oregon Laws 2019, is amended to read:

21 **Sec. 8.** Section 5, chapter 538, Oregon Laws 2017, applies to premiums earned by an insurer for
22 the period beginning January 1, 2020, and ending December 31, [2026] **2032**.

23 **SECTION 3.** ORS 731.509 is amended to read:

24 731.509. (1) The purpose of ORS 731.509, 731.510, 731.511, 731.512 and 731.516 is to protect the

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.

1 interests of insureds, claimants, ceding insurers, assuming insurers and the public generally. The
 2 Legislative Assembly declares that the intent of the Legislative Assembly is to ensure adequate
 3 regulation of insurers and reinsurers and adequate protection for those to whom insurers and re-
 4 insurers owe obligations. In furtherance of that state interest, the Legislative Assembly mandates
 5 that upon the insolvency of an alien insurer or reinsurer that provides security to fund the alien
 6 insurer's or reinsurer's United States obligations in accordance with ORS 731.509, 731.510, 731.511,
 7 731.512 and 731.516, the assets representing the security must be maintained in the United States
 8 and claims must be filed with and valued by the state insurance commissioner with regulatory
 9 oversight, and the assets must be distributed in accordance with the insurance laws of the state in
 10 which the trust is domiciled that are applicable to the liquidation of domestic United States insurers.
 11 The Legislative Assembly declares that the laws contained in ORS 731.509, 731.510, 731.511, 731.512
 12 and 731.516 are fundamental to the business of insurance in accordance with 15 U.S.C. 1011 and
 13 1012.

14 (2) The Director of the Department of Consumer and Business Services may not allow credit for
 15 reinsurance to a domestic ceding insurer as either an asset or a reduction from liability on account
 16 of reinsurance ceded unless credit is allowed as provided under ORS 731.508 and unless the re-
 17 insurer meets the requirements of:

- 18 (a) Subsection (4) of this section;
- 19 (b) Subsection (5) of this section and ORS 731.511 (1);
- 20 (c) Subsection (6) of this section;
- 21 (d) Subsections (7) and (8) of this section;
- 22 (e) ORS 731.511; *[or]*
- 23 (f)(A) Subsection (9) of this section; and
- 24 (B) Additional requirements that the director specifies by rule, which may include:
 - 25 (i) The valuation of assets or reserve credits;
 - 26 (ii) The amount and forms of security that support reinsurance arrangements; and
 - 27 (iii) The circumstances under which the director will reduce or eliminate credit[.]; **or**
- 28 **(g) Subsection (10) of this section.**

29 (3) The director shall allow credit under subsection (4), (5) or (6) of this section or under ORS
 30 731.511 only with respect to cessions of the kinds or classes of business that the assuming insurer
 31 is licensed or otherwise permitted to write or assume in the state in which the assuming insurer is
 32 domiciled or, if the assuming insurer is an alien insurer, the state in which the assuming insurer is
 33 entered and is licensed or authorized to transact insurance or reinsurance. The director may allow
 34 credit under subsection (6) or (7) of this section only if the assuming insurer satisfies applicable
 35 requirements under subsection [(10)] (11) of this section.

36 (4) The director shall allow credit if the reinsurance is ceded to an authorized assuming insurer
 37 that accepts reinsurance of risks and retains the risk of the reinsurance within such limits as the
 38 assuming insurer is otherwise authorized to insure in this state, as provided in ORS 731.508.

39 (5) The director shall allow credit if the reinsurance is ceded to an assuming insurer that is
 40 accredited as a reinsurer in this state as provided in ORS 731.511. The director may not allow credit
 41 to a domestic ceding insurer if the director has revoked accreditation of the assuming insurer after
 42 notice and opportunity for hearing.

43 (6) The director shall allow credit if the reinsurance is ceded to a foreign assuming insurer or
 44 a United States branch of an alien assuming insurer meeting all of the following requirements:

- 45 (a) The foreign assuming insurer must be domiciled in a state employing standards regarding

1 credit for reinsurance that equal or exceed the standards applicable under this section. The United
 2 States branch of an alien assuming insurer must be entered through a state employing such stan-
 3 dards.

4 (b) The foreign assuming insurer or United States branch of an alien assuming insurer must
 5 maintain a combined capital and surplus in an amount not less than \$20,000,000. The requirement
 6 of this paragraph does not apply to reinsurance ceded and assumed pursuant to pooling arrange-
 7 ments among insurers in the same holding company system.

8 (c) The foreign assuming insurer or United States branch of an alien assuming insurer must
 9 submit to the authority of the director to examine the foreign assuming insurer's or the alien as-
 10 suming insurer's books and records.

11 (7) The director shall allow credit if the reinsurance is ceded to an assuming insurer that
 12 maintains a trust fund meeting the requirements of this subsection and subsection (8) of this section
 13 and that also complies with other requirements of this subsection and subsection (8) of this section.
 14 The trust fund must be maintained in a qualified United States financial institution, as defined in
 15 ORS 731.510 (1), for the payment of the valid claims of the assuming insurer's United States
 16 policyholders and ceding insurers and the assigns and successors in interest of the policyholders and
 17 ceding insurers. The assuming insurer must report annually to the director information that is sub-
 18 stantially the same as information authorized insurers must report on the annual statement form
 19 under ORS 731.574, in order to enable the director to determine the sufficiency of the trust fund.
 20 The assuming insurer shall submit to the director's examination of the assuming insurer's books and
 21 records and shall pay to the director the expenses of the examination.

22 (8) The following requirements apply to the following categories of assuming insurers:

23 (a)(A) For a single assuming insurer, the trust fund must consist of funds in trust in an amount
 24 not less than the assuming insurer's liabilities attributable to reinsurance ceded by United States
 25 ceding insurers. In addition, except as provided in subparagraph (B) of this paragraph, the assuming
 26 insurer must maintain a trustee surplus of not less than \$20,000,000.

27 (B) At any time after the assuming insurer permanently discontinues underwriting, for at least
 28 three full years, new business that the trust secures, the commissioner that has principal regulatory
 29 oversight over the trust may authorize a reduction in the required trustee surplus, but only after
 30 finding based on an assessment of the risk that the new required surplus level is adequate to protect
 31 United States ceding insurers, policyholders and claimants in light of reasonably foreseeable adverse
 32 loss development. The risk assessment may involve an actuarial review, including an independent
 33 analysis of reserves and cash flows, and must consider all material risk factors including, if appli-
 34 cable, the lines of business involved, the stability of the incurred loss estimates and the effect of the
 35 surplus requirements on the assuming insurer's liquidity or solvency. The commissioner may not
 36 reduce the amount of the minimum required trustee surplus below 30 percent of the assuming
 37 insurer's liabilities that are attributable to reinsurance that United States ceding insurers covered
 38 by the trust have ceded.

39 (b) For a group that includes incorporated and individual unincorporated underwriters:

40 (A) For reinsurance ceded under reinsurance agreements with an inception, amendment or re-
 41 newal date on or after August 1, 1995, the trust must consist of a trustee account in an amount
 42 not less than the group's several liabilities attributable to business United States domiciled ceding
 43 insurers have ceded to any member of the group.

44 (B) For reinsurance ceded under reinsurance agreements with an inception date on or before
 45 July 31, 1995, and not amended or renewed after that date, notwithstanding the other provisions of

1 ORS 731.509, 731.510, 731.511, 731.512 and 731.516, the trust must consist of a trustee account in
2 an amount not less than the group's several insurance and reinsurance liabilities attributable to
3 business written in the United States.

4 (C) In addition to the trusts described in subparagraphs (A) and (B) of this paragraph, the group
5 shall maintain in trust a trustee surplus of which \$100,000,000 must be held jointly for the benefit
6 of the United States domiciled ceding insurers of any member of the group for all years of account.

7 (D) The incorporated members of the group may not engage in any business other than under-
8 writing as a member of the group and are subject to the same level of regulation and solvency
9 control by the group's domiciliary regulator as are the unincorporated members.

10 (E) Within 90 days after the group's financial statements are due to be filed with the group's
11 domiciliary regulator, the group shall provide to the director an annual certification by the group's
12 domiciliary regulator of the solvency of each underwriter member or, if certification is unavailable,
13 financial statements of each underwriter member of the group prepared by independent certified
14 public accountants.

15 (c) For the group of incorporated insurers described in this paragraph, the trust must be in an
16 amount equal to the group's several liabilities attributable to business ceded by United States ceding
17 insurers to any member of the group pursuant to reinsurance contracts issued in the name of the
18 group. This paragraph applies to a group of incorporated insurers under common administration that
19 complies with the annual reporting requirements contained in subsection (7) of this section and that
20 has continuously transacted an insurance business outside the United States for at least three years
21 immediately before applying for accreditation. Such a group must have an aggregate policyholders'
22 surplus of \$10,000,000,000 and must submit to the authority of this state to examine the group's
23 books and records and bear the expense of the examination. The group shall also maintain a joint
24 trustee surplus of which \$100,000,000 must be held jointly for the benefit of United States ceding
25 insurers of any member of the group as additional security for any such liabilities. Each member
26 of the group shall make available to the director an annual certification of the member's solvency
27 by the member's domiciliary regulator and the member's independent certified public accountant.

28 (d) The form of the trust and any amendment to the trust must be approved by the insurance
29 commissioner of the state in which the trust is domiciled or by the insurance commissioner of an-
30 other state who, pursuant to the terms of the trust instrument, has accepted principal regulatory
31 oversight of the trust.

32 (e) The form of the trust and any trust amendments also must be filed with the insurance com-
33 missioner of every state in which the ceding insurer beneficiaries of the trust are domiciled. The
34 trust instrument must provide that contested claims are valid and enforceable upon the final order
35 of any court of competent jurisdiction in the United States. The trust must vest legal title to the
36 trust's assets in the trust's trustees for the benefit of the assuming insurer's United States ceding
37 insurers and the assigns and successors in interest of the ceding insurers. The trust and the as-
38 suming insurer are subject to examination as determined by the director. The trust must remain in
39 effect for as long as the assuming insurer has outstanding obligations due under the reinsurance
40 agreements subject to the trust.

41 (f) Not later than March 1 of each year, the trustees of each trust shall report to the director
42 in writing the balance of the trust, list the trust's investments at the preceding year end and certify
43 the date of termination of the trust, if a termination is planned, or certify that the trust will not
44 expire prior to the following December 31.

45 (9) The director shall allow credit if the reinsurance is ceded to an assuming insurer that does

1 not meet the requirements of subsection (4), (5), (6) or (7) of this section or ORS 731.511 (1) or (4),
2 but only as to the insurance of risks located in jurisdictions in which the reinsurance is required
3 by applicable law or regulation of that jurisdiction.

4 **(10) The director shall allow credit if the reinsurance is ceded to the Oregon Reinsurance**
5 **Program established in section 18, chapter 538, Oregon Laws 2017.**

6 ~~[(10)]~~ (11) If the assuming insurer is not licensed, accredited or certified to transact insurance
7 or reinsurance in this state, the director may not allow the credit permitted by subsections (6) and
8 (7) of this section unless the assuming insurer agrees in the reinsurance agreement to the provisions
9 stated in this subsection. This subsection does not conflict with or override the obligation of the
10 parties to a reinsurance agreement to arbitrate the parties' disputes, if such an obligation is created
11 in the agreement. The assuming insurer must agree in the reinsurance agreement:

12 (a) That if the assuming insurer fails to perform the assuming insurer's obligations under the
13 terms of the reinsurance agreement, the assuming insurer, at the request of the ceding insurer, shall
14 submit to the jurisdiction of any court of competent jurisdiction in any state of the United States,
15 will comply with all requirements necessary to give the court jurisdiction and will abide by the final
16 decision of the court or of any appellate court in the event of an appeal; and

17 (b) To designate the director or a designated attorney as the assuming insurer's true and lawful
18 attorney upon whom any lawful process in any action, suit or proceeding instituted by or on behalf
19 of the ceding company may be served.

20 ~~[(11)]~~ (12) If the assuming insurer does not meet the requirements of subsection (4), (5) or (6)
21 of this section or ORS 731.511 (1) or (4), the director may not allow the credit permitted by sub-
22 section (7) of this section unless the assuming insurer agrees in the trust agreements to the follow-
23 ing conditions:

24 (a) Notwithstanding any other provisions in the trust instrument, if the trust fund is inadequate
25 because the trust fund contains an amount less than the applicable amount required by subsection
26 (8)(a), (b) or (c) of this section, or if the grantor of the trust has been declared insolvent or placed
27 into receivership, rehabilitation, liquidation or similar proceedings under the laws of the grantor's
28 state or country of domicile, the trustee shall comply with an order of the insurance commissioner
29 with regulatory oversight over the trust or with an order of a court of competent jurisdiction di-
30 recting the trustee to transfer to the insurance commissioner with regulatory oversight all the as-
31 sets of the trust fund.

32 (b) The assets must be distributed by and claims must be filed with and valued by the insurance
33 commissioner with regulatory oversight in accordance with the laws of the state in which the trust
34 is domiciled that apply to the liquidation of domestic insurance companies.

35 (c) If the insurance commissioner with regulatory oversight determines that the assets of the
36 trust fund or any part of the assets is not necessary to satisfy the claims of the United States ceding
37 insurers of the grantor of the trust, the insurance commissioner of the state in which the trust is
38 domiciled shall return the assets or part of the assets in accordance with the laws of the state and
39 the terms of the trust agreement that are consistent with the laws of the state.

40 (d) The grantor shall waive any right otherwise available to the grantor under United States law
41 that is inconsistent with this subsection.

42 **SECTION 4.** ORS 731.509, as amended by section 3 of this 2025 Act, is amended to read:

43 731.509. (1) The purpose of ORS 731.509, 731.510, 731.511, 731.512 and 731.516 is to protect the
44 interests of insureds, claimants, ceding insurers, assuming insurers and the public generally. The
45 Legislative Assembly declares that the intent of the Legislative Assembly is to ensure adequate

1 regulation of insurers and reinsurers and adequate protection for those to whom insurers and re-
 2 insurers owe obligations. In furtherance of that state interest, the Legislative Assembly mandates
 3 that upon the insolvency of an alien insurer or reinsurer that provides security to fund the alien
 4 insurer's or reinsurer's United States obligations in accordance with ORS 731.509, 731.510, 731.511,
 5 731.512 and 731.516, the assets representing the security must be maintained in the United States
 6 and claims must be filed with and valued by the state insurance commissioner with regulatory
 7 oversight, and the assets must be distributed in accordance with the insurance laws of the state in
 8 which the trust is domiciled that are applicable to the liquidation of domestic United States insurers.
 9 The Legislative Assembly declares that the laws contained in ORS 731.509, 731.510, 731.511, 731.512
 10 and 731.516 are fundamental to the business of insurance in accordance with 15 U.S.C. 1011 and
 11 1012.

12 (2) The Director of the Department of Consumer and Business Services may not allow credit for
 13 reinsurance to a domestic ceding insurer as either an asset or a reduction from liability on account
 14 of reinsurance ceded unless credit is allowed as provided under ORS 731.508 and unless the re-
 15 insurer meets the requirements of:

- 16 (a) Subsection (4) of this section;
- 17 (b) Subsection (5) of this section and ORS 731.511 (1);
- 18 (c) Subsection (6) of this section;
- 19 (d) Subsections (7) and (8) of this section;
- 20 (e) ORS 731.511; **or**
- 21 (f)(A) Subsection (9) of this section; and
- 22 (B) Additional requirements that the director specifies by rule, which may include:
 - 23 (i) The valuation of assets or reserve credits;
 - 24 (ii) The amount and forms of security that support reinsurance arrangements; and
 - 25 (iii) The circumstances under which the director will reduce or eliminate credit[; *or*]
 26 [(g) Subsection (10) of this section].

27 (3) The director shall allow credit under subsection (4), (5) or (6) of this section or under ORS
 28 731.511 only with respect to cessions of the kinds or classes of business that the assuming insurer
 29 is licensed or otherwise permitted to write or assume in the state in which the assuming insurer is
 30 domiciled or, if the assuming insurer is an alien insurer, the state in which the assuming insurer is
 31 entered and is licensed or authorized to transact insurance or reinsurance. The director may allow
 32 credit under subsection (6) or (7) of this section only if the assuming insurer satisfies applicable
 33 requirements under subsection [(11)] **(10)** of this section.

34 (4) The director shall allow credit if the reinsurance is ceded to an authorized assuming insurer
 35 that accepts reinsurance of risks and retains the risk of the reinsurance within such limits as the
 36 assuming insurer is otherwise authorized to insure in this state, as provided in ORS 731.508.

37 (5) The director shall allow credit if the reinsurance is ceded to an assuming insurer that is
 38 accredited as a reinsurer in this state as provided in ORS 731.511. The director may not allow credit
 39 to a domestic ceding insurer if the director has revoked accreditation of the assuming insurer after
 40 notice and opportunity for hearing.

41 (6) The director shall allow credit if the reinsurance is ceded to a foreign assuming insurer or
 42 a United States branch of an alien assuming insurer meeting all of the following requirements:

- 43 (a) The foreign assuming insurer must be domiciled in a state employing standards regarding
 44 credit for reinsurance that equal or exceed the standards applicable under this section. The United
 45 States branch of an alien assuming insurer must be entered through a state employing such stan-

1 dards.

2 (b) The foreign assuming insurer or United States branch of an alien assuming insurer must
3 maintain a combined capital and surplus in an amount not less than \$20,000,000. The requirement
4 of this paragraph does not apply to reinsurance ceded and assumed pursuant to pooling arrange-
5 ments among insurers in the same holding company system.

6 (c) The foreign assuming insurer or United States branch of an alien assuming insurer must
7 submit to the authority of the director to examine the foreign assuming insurer's or the alien as-
8 suming insurer's books and records.

9 (7) The director shall allow credit if the reinsurance is ceded to an assuming insurer that
10 maintains a trust fund meeting the requirements of this subsection and subsection (8) of this section
11 and that also complies with other requirements of this subsection and subsection (8) of this section.
12 The trust fund must be maintained in a qualified United States financial institution, as defined in
13 ORS 731.510 (1), for the payment of the valid claims of the assuming insurer's United States
14 policyholders and ceding insurers and the assigns and successors in interest of the policyholders and
15 ceding insurers. The assuming insurer must report annually to the director information that is sub-
16 stantially the same as information authorized insurers must report on the annual statement form
17 under ORS 731.574, in order to enable the director to determine the sufficiency of the trust fund.
18 The assuming insurer shall submit to the director's examination of the assuming insurer's books and
19 records and shall pay to the director the expenses of the examination.

20 (8) The following requirements apply to the following categories of assuming insurers:

21 (a)(A) For a single assuming insurer, the trust fund must consist of funds in trust in an amount
22 not less than the assuming insurer's liabilities attributable to reinsurance ceded by United States
23 ceding insurers. In addition, except as provided in subparagraph (B) of this paragraph, the assuming
24 insurer must maintain a trustee surplus of not less than \$20,000,000.

25 (B) At any time after the assuming insurer permanently discontinues underwriting, for at least
26 three full years, new business that the trust secures, the commissioner that has principal regulatory
27 oversight over the trust may authorize a reduction in the required trustee surplus, but only after
28 finding based on an assessment of the risk that the new required surplus level is adequate to protect
29 United States ceding insurers, policyholders and claimants in light of reasonably foreseeable adverse
30 loss development. The risk assessment may involve an actuarial review, including an independent
31 analysis of reserves and cash flows, and must consider all material risk factors including, if appli-
32 cable, the lines of business involved, the stability of the incurred loss estimates and the effect of the
33 surplus requirements on the assuming insurer's liquidity or solvency. The commissioner may not
34 reduce the amount of the minimum required trustee surplus below 30 percent of the assuming
35 insurer's liabilities that are attributable to reinsurance that United States ceding insurers covered
36 by the trust have ceded.

37 (b) For a group that includes incorporated and individual unincorporated underwriters:

38 (A) For reinsurance ceded under reinsurance agreements with an inception, amendment or re-
39 newal date on or after August 1, 1995, the trust must consist of a trustee account in an amount
40 not less than the group's several liabilities attributable to business United States domiciled ceding
41 insurers have ceded to any member of the group.

42 (B) For reinsurance ceded under reinsurance agreements with an inception date on or before
43 July 31, 1995, and not amended or renewed after that date, notwithstanding the other provisions of
44 ORS 731.509, 731.510, 731.511, 731.512 and 731.516, the trust must consist of a trustee account in
45 an amount not less than the group's several insurance and reinsurance liabilities attributable to

1 business written in the United States.

2 (C) In addition to the trusts described in subparagraphs (A) and (B) of this paragraph, the group
3 shall maintain in trust a trustee surplus of which \$100,000,000 must be held jointly for the benefit
4 of the United States domiciled ceding insurers of any member of the group for all years of account.

5 (D) The incorporated members of the group may not engage in any business other than under-
6 writing as a member of the group and are subject to the same level of regulation and solvency
7 control by the group's domiciliary regulator as are the unincorporated members.

8 (E) Within 90 days after the group's financial statements are due to be filed with the group's
9 domiciliary regulator, the group shall provide to the director an annual certification by the group's
10 domiciliary regulator of the solvency of each underwriter member or, if certification is unavailable,
11 financial statements of each underwriter member of the group prepared by independent certified
12 public accountants.

13 (c) For the group of incorporated insurers described in this paragraph, the trust must be in an
14 amount equal to the group's several liabilities attributable to business ceded by United States ceding
15 insurers to any member of the group pursuant to reinsurance contracts issued in the name of the
16 group. This paragraph applies to a group of incorporated insurers under common administration that
17 complies with the annual reporting requirements contained in subsection (7) of this section and that
18 has continuously transacted an insurance business outside the United States for at least three years
19 immediately before applying for accreditation. Such a group must have an aggregate policyholders'
20 surplus of \$10,000,000,000 and must submit to the authority of this state to examine the group's
21 books and records and bear the expense of the examination. The group shall also maintain a joint
22 trustee surplus of which \$100,000,000 must be held jointly for the benefit of United States ceding
23 insurers of any member of the group as additional security for any such liabilities. Each member
24 of the group shall make available to the director an annual certification of the member's solvency
25 by the member's domiciliary regulator and the member's independent certified public accountant.

26 (d) The form of the trust and any amendment to the trust must be approved by the insurance
27 commissioner of the state in which the trust is domiciled or by the insurance commissioner of an-
28 other state who, pursuant to the terms of the trust instrument, has accepted principal regulatory
29 oversight of the trust.

30 (e) The form of the trust and any trust amendments also must be filed with the insurance com-
31 missioner of every state in which the ceding insurer beneficiaries of the trust are domiciled. The
32 trust instrument must provide that contested claims are valid and enforceable upon the final order
33 of any court of competent jurisdiction in the United States. The trust must vest legal title to the
34 trust's assets in the trust's trustees for the benefit of the assuming insurer's United States ceding
35 insurers and the assigns and successors in interest of the ceding insurers. The trust and the as-
36 suming insurer are subject to examination as determined by the director. The trust must remain in
37 effect for as long as the assuming insurer has outstanding obligations due under the reinsurance
38 agreements subject to the trust.

39 (f) Not later than March 1 of each year, the trustees of each trust shall report to the director
40 in writing the balance of the trust, list the trust's investments at the preceding year end and certify
41 the date of termination of the trust, if a termination is planned, or certify that the trust will not
42 expire prior to the following December 31.

43 (9) The director shall allow credit if the reinsurance is ceded to an assuming insurer that does
44 not meet the requirements of subsection (4), (5), (6) or (7) of this section or ORS 731.511 (1) or (4),
45 but only as to the insurance of risks located in jurisdictions in which the reinsurance is required

1 by applicable law or regulation of that jurisdiction.

2 [(10) *The director shall allow credit if the reinsurance is ceded to the Oregon Reinsurance Program*
3 *established in section 18, chapter 538, Oregon Laws 2017.*]

4 [(11)] (10) If the assuming insurer is not licensed, accredited or certified to transact insurance
5 or reinsurance in this state, the director may not allow the credit permitted by subsections (6) and
6 (7) of this section unless the assuming insurer agrees in the reinsurance agreement to the provisions
7 stated in this subsection. This subsection does not conflict with or override the obligation of the
8 parties to a reinsurance agreement to arbitrate the parties' disputes, if such an obligation is created
9 in the agreement. The assuming insurer must agree in the reinsurance agreement:

10 (a) That if the assuming insurer fails to perform the assuming insurer's obligations under the
11 terms of the reinsurance agreement, the assuming insurer, at the request of the ceding insurer, shall
12 submit to the jurisdiction of any court of competent jurisdiction in any state of the United States,
13 will comply with all requirements necessary to give the court jurisdiction and will abide by the final
14 decision of the court or of any appellate court in the event of an appeal; and

15 (b) To designate the director or a designated attorney as the assuming insurer's true and lawful
16 attorney upon whom any lawful process in any action, suit or proceeding instituted by or on behalf
17 of the ceding company may be served.

18 [(12)] (11) If the assuming insurer does not meet the requirements of subsection (4), (5) or (6)
19 of this section or ORS 731.511 (1) or (4), the director may not allow the credit permitted by sub-
20 section (7) of this section unless the assuming insurer agrees in the trust agreements to the follow-
21 ing conditions:

22 (a) Notwithstanding any other provisions in the trust instrument, if the trust fund is inadequate
23 because the trust fund contains an amount less than the applicable amount required by subsection
24 (8)(a), (b) or (c) of this section, or if the grantor of the trust has been declared insolvent or placed
25 into receivership, rehabilitation, liquidation or similar proceedings under the laws of the grantor's
26 state or country of domicile, the trustee shall comply with an order of the insurance commissioner
27 with regulatory oversight over the trust or with an order of a court of competent jurisdiction di-
28 recting the trustee to transfer to the insurance commissioner with regulatory oversight all the as-
29 sets of the trust fund.

30 (b) The assets must be distributed by and claims must be filed with and valued by the insurance
31 commissioner with regulatory oversight in accordance with the laws of the state in which the trust
32 is domiciled that apply to the liquidation of domestic insurance companies.

33 (c) If the insurance commissioner with regulatory oversight determines that the assets of the
34 trust fund or any part of the assets is not necessary to satisfy the claims of the United States ceding
35 insurers of the grantor of the trust, the insurance commissioner of the state in which the trust is
36 domiciled shall return the assets or part of the assets in accordance with the laws of the state and
37 the terms of the trust agreement that are consistent with the laws of the state.

38 (d) The grantor shall waive any right otherwise available to the grantor under United States law
39 that is inconsistent with this subsection.

40 **SECTION 5.** Section 48, chapter 538, Oregon Laws 2017, as amended by section 3, chapter 2,
41 Oregon Laws 2019, is amended to read:

42 **Sec. 48.** Sections 18 to 22, chapter 538, Oregon Laws 2017, are repealed on January 2, [2028]
43 **2038.**

44 **SECTION 6. (1) Section 2, chapter 538, Oregon Laws 2017, is repealed on January 2, 2038.**

45 **(2) Section 3, chapter 538, Oregon Laws 2017, as amended by section 4, chapter 2, Oregon**

1 **Laws 2019, is repealed on January 2, 2038.**

2 (3) **Section 4, chapter 538, Oregon Laws 2017, as amended by section 5, chapter 2, Oregon**
3 **Laws 2019, and section 1 of this 2025 Act, is repealed on January 2, 2038.**

4 (4) **Section 5, chapter 538, Oregon Laws 2017, as amended by section 6, chapter 2, Oregon**
5 **Laws 2019, is repealed on January 2, 2038.**

6 (5) **Section 6, chapter 538, Oregon Laws 2017, as amended by section 7, chapter 2, Oregon**
7 **Laws 2019, is repealed on January 2, 2038.**

8 (6) **Section 7, chapter 538, Oregon Laws 2017, is repealed on January 2, 2038.**

9 (7) **Section 8, chapter 538, Oregon Laws 2017, as amended by section 8, chapter 2, Oregon**
10 **Laws 2019, and section 2 of this 2025 Act, is repealed on January 2, 2038.**

11 **SECTION 7. Nothing in the repeal of sections 2 to 8, chapter 538, Oregon Laws 2017, by**
12 **section 6 of this 2025 Act affects the imposition and collection of a health insurance premium**
13 **assessment under section 3 or 5, chapter 538, Oregon Laws 2017, for a calendar quarter**
14 **ending on or before December 31, 2032.**

15 **SECTION 8. Any moneys remaining in the Health System Fund established by section 2,**
16 **chapter 538, Oregon Laws 2017, on December 31, 2038, are transferred to the General Fund.**

17 18 **MANAGED CARE ORGANIZATION ASSESSMENT**

19
20 **SECTION 9.** ORS 414.884 is amended to read:

21 414.884. ORS 414.880, 414.882 and 414.902 apply to any payments made to a managed care or-
22 ganization by the Oregon Health Authority for the period beginning January 1, 2020, and ending
23 December 31, [2026] **2032.**

24 **SECTION 10. ORS 414.880, 414.882, 414.884 and 414.902 are repealed on January 2, 2038.**

25 **SECTION 11. Nothing in the repeal of ORS 414.880, 414.882, 414.884 and 414.902 by section**
26 **10 of this 2025 Act affects the imposition and collection of a managed care organization as-**
27 **essment under ORS 414.880 for a calendar quarter ending on or before December 31, 2032.**

28 29 **HOSPITAL ASSESSMENT**

30
31 **SECTION 11a.** ORS 414.853 is amended to read:

32 414.853. As used in ORS 414.853 to 414.869 and 414.900:

33 (1) "Charity care" means costs for providing inpatient or outpatient care services free of charge
34 or at a reduced charge because of the indigence or lack of health insurance of the patient receiving
35 the care services.

36 (2) "Contractual adjustments" means the difference between the amounts charged based on the
37 hospital's full established charges and the amount received or due from the payor.

38 (3)(a) "Hospital" means a hospital licensed under ORS chapter 441.

39 (b) "Hospital" does not include:

40 (A) Special inpatient care facilities;

41 (B) Hospitals that provide only psychiatric care;

42 (C) Pediatric specialty hospitals providing care to children at no charge; and

43 (D) Public hospitals other than hospitals created by health districts under ORS 440.315 to
44 440.410.

45 (4) "Net **inpatient** revenue":

1 (a) Means the total amount of charges for inpatient [*or outpatient*] care provided by the hospital
2 to patients, less charity care, bad debts and contractual adjustments;

3 (b) Does not include revenue derived from sources other than inpatient [*or outpatient*] oper-
4 ations, including but not limited to interest and guest meals; and

5 (c) Does not include any revenue that is taken into account in computing a long term care fa-
6 cility assessment under ORS 409.800 to 409.816 and 409.900.

7 **(5) “Net outpatient revenue”:**

8 **(a) Means the total amount of charges for outpatient care provided by the hospital to**
9 **patients, less charity care, bad debts and contractual adjustments;**

10 **(b) Does not include revenue derived from sources other than outpatient operations, in-**
11 **cluding but not limited to interest and guest meals; and**

12 **(c) Does not include any revenue that is taken into account in computing a long term**
13 **care facility assessment under ORS 409.800 to 409.816 and 409.900.**

14 [(5)] (6) “Type A hospital” has the meaning given that term in ORS 442.470.

15 [(6)] (7) “Type B hospital” has the meaning given that term in ORS 442.470.

16 **SECTION 11b.** ORS 414.855 is amended to read:

17 414.855. (1) An assessment is imposed on the net **inpatient revenue and net outpatient re-**
18 **venue** of each hospital in this state. The assessment shall be imposed at a rate determined by the
19 Director of the Oregon Health Authority by rule that is the director’s best estimate of the rate
20 needed to fund the services and costs identified in ORS 414.869. The rate of assessment shall be
21 imposed on the net **inpatient revenue and net outpatient revenue** of each hospital subject to as-
22 sessment. The director shall consult with representatives of hospitals before setting the assessment.

23 (2) Each assessment shall be reported on a form prescribed by the Oregon Health Authority and
24 shall contain the information required to be reported by the authority. The assessment form shall
25 be filed with the authority on or before the 45th day following the end of the calendar quarter for
26 which the assessment is being reported. Except as provided in subsection (5) of this section, the
27 hospital shall pay the assessment at the time the hospital files the assessment report. The payment
28 shall accompany the report.

29 (3)(a) To the extent permitted by federal law, aggregate assessments imposed under this section
30 may not exceed the total of the following amounts received by the hospitals that are reimbursed by
31 Medicare based on diagnostic related groups:

32 (A) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority for
33 inpatient hospital services;

34 (B) 41 percent of payments made to the hospitals on a fee-for-service basis by the authority for
35 outpatient hospital services; and

36 (C) Payments made to the hospitals using a payment methodology established by the authority
37 that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery System
38 described in ORS 414.570 (3).

39 (b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed under this
40 section on or after July 1, 2015, may exceed the total of the amounts described in paragraph (a) of
41 this subsection to the extent necessary to compensate for any reduction of funding in the
42 legislatively adopted budget for hospital services under ORS 414.591, 414.631 and 414.688 to 414.745.

43 (c) The director may impose a lower rate of assessment on type A hospitals and type B hospitals
44 to take into account the hospitals’ financial position.

45 **(d) The director may adopt different rates of assessment for net inpatient revenue and**

1 **net outpatient revenue.**

2 (4) Notwithstanding subsection (3) of this section, a hospital is not guaranteed that any addi-
3 tional moneys paid to the hospital in the form of payments for services shall equal or exceed the
4 amount of the assessment paid by the hospital.

5 (5)(a) The authority shall develop a schedule for collection of the assessment for *[the]* **each**
6 calendar quarter *[ending September 30, 2021, that will result in the collection occurring between De-*
7 *cember 15, 2021, and the time all Medicaid cost settlements are finalized for that calendar quarter].*

8 (b) The authority shall prescribe by rule criteria for late payment of assessments.

9 **SECTION 11c.** ORS 414.871 is amended to read:

10 414.871. ORS 414.853 to 414.869 and 414.900 apply to net **inpatient** revenues **and net outpatient**
11 **revenues** earned by hospitals during a period beginning July 1, 2019, and ending the earlier of
12 *[September 30, 2025]* **December 31, 2032**, or the date on which the assessment no longer qualifies
13 for federal financial participation under Title XIX or XXI of the Social Security Act.

14 **SECTION 12.** Section 12, chapter 736, Oregon Laws 2003, as amended by section 4, chapter 780,
15 Oregon Laws 2007, section 21, chapter 867, Oregon Laws 2009, section 9, chapter 608, Oregon Laws
16 2013, section 3, chapter 16, Oregon Laws 2015, section 38, chapter 538, Oregon Laws 2017, and sec-
17 tion 14, chapter 2, Oregon Laws 2019, is amended to read:

18 **Sec. 12.** (1) *[Sections 1 to 9, chapter 736, Oregon Laws 2003,]* **ORS 414.853, 414.855, 414.857,**
19 **414.863, 414.865, 414.867, 414.869 and 414.900 and section 4, chapter 736, Oregon Laws 2003,** are
20 repealed on January 2, *[2031]* **2038.**

21 (2) Section 1, chapter 608, Oregon Laws 2013, is repealed on July 1, 2018.

22 **SECTION 13.** **ORS 414.871 is repealed on January 2, 2038.**

23 **SECTION 14.** Section 13, chapter 736, Oregon Laws 2003, as amended by section 5, chapter 780,
24 Oregon Laws 2007, section 22, chapter 867, Oregon Laws 2009, section 10, chapter 608, Oregon Laws
25 2013, section 4, chapter 16, Oregon Laws 2015, section 39, chapter 538, Oregon Laws 2017, and sec-
26 tion 15, chapter 2, Oregon Laws 2019, is amended to read:

27 **Sec. 13.** Nothing in the repeal of *[sections 1 to 9, chapter 736, Oregon Laws 2003,]* **ORS 414.853,**
28 **414.855, 414.857, 414.863, 414.865, 414.867, 414.869 and 414.900 and section 4, chapter 736, Oregon**
29 **Laws 2003,** and section 1, chapter 608, Oregon Laws 2013, by section 12, chapter 736, Oregon Laws
30 2003, affects the imposition and collection of a hospital assessment under *[sections 1 to 9, chapter*
31 *736, Oregon Laws 2003,]* **ORS 414.853, 414.855, 414.857, 414.863, 414.865, 414.867, 414.869 and**
32 **414.900 and section 4, chapter 736, Oregon Laws 2003,** for a calendar quarter *[beginning before*
33 *September 30, 2025]* **ending on or before December 31, 2032.**

34 **SECTION 15.** Section 14, chapter 736, Oregon Laws 2003, as amended by section 6, chapter 780,
35 Oregon Laws 2007, section 23, chapter 867, Oregon Laws 2009, section 5, chapter 16, Oregon Laws
36 2015, section 40, chapter 538, Oregon Laws 2017, and section 16, chapter 2, Oregon Laws 2019, is
37 amended to read:

38 **Sec. 14.** Any moneys remaining in the Hospital Quality Assurance Fund on December 31,
39 *[2031]* **2038,** are transferred to the General Fund.

40
41 **OREGON HEALTH AND SCIENCE**
42 **UNIVERSITY REIMBURSEMENT**
43

44 **SECTION 15a.** Section 19, chapter 2, Oregon Laws 2019, is amended to read:

45 **Sec. 19.** (1) The amendments to section 41, chapter 538, Oregon Laws 2017, by section 17,

1 **chapter 2, Oregon Laws 2019**, [of this 2019 Act] apply to reimbursement paid to the Oregon Health
2 and Science University by the Oregon Health Authority on or after July 1, 2019, but before July 1,
3 [2025] **2032**.

4 (2) The amendments to section 41, chapter 538, Oregon Laws 2017, by section 18, **chapter 2,**
5 **Oregon Laws 2019**, [of this 2019 Act] apply to reimbursement paid to the university by the authority
6 on or after July 1, [2025] **2032**.

7
8 **CONFORMING AMENDMENTS**

9
10 **SECTION 16.** ORS 731.292 is amended to read:

11 731.292. (1) Except as provided in subsections (2), (3) and (4) of this section, all fees, charges and
12 other moneys received by the Department of Consumer and Business Services or the Director of the
13 Department of Consumer and Business Services under the Insurance Code shall be deposited in the
14 fund created by ORS 705.145 and are continuously appropriated to the department for the payment
15 of the expenses of the department in carrying out the Insurance Code.

16 (2) All taxes and penalties paid pursuant to the Insurance Code shall be paid to the director and
17 after deductions of refunds shall be paid by the director to the State Treasurer, at the end of every
18 calendar month or more often in the director's discretion, for deposit in the General Fund to become
19 available for general governmental expenses.

20 (3) All premium taxes received by the director pursuant to ORS 731.820 shall be paid by the
21 director to the State Treasurer for deposit in the State Fire Marshal Fund.

22 [(4) Assessments received by the department under sections 3 and 5, chapter 538, Oregon Laws
23 2017, and penalties received by the department under section 6, chapter 538, Oregon Laws 2017, shall
24 be paid into the State Treasury and credited to the Health System Fund established under section 2,
25 chapter 538, Oregon Laws 2017.]

26 **SECTION 17.** ORS 731.840 is amended to read:

27 731.840. (1) The retaliatory tax imposed upon a foreign or alien insurer under ORS 731.854 and
28 731.859, or the corporate excise tax imposed upon a foreign or alien insurer under ORS chapter 317,
29 is in lieu of all other state taxes upon premiums, taxes upon income, franchise or other taxes
30 measured by income that might otherwise be imposed upon the foreign or alien insurer except the
31 fire insurance premiums tax imposed under ORS 731.820[,] **and** the tax imposed upon wet marine and
32 transportation insurers under ORS 731.824 and 731.828 [and the assessment imposed under section 5,
33 chapter 538, Oregon Laws 2017]. However, all real and personal property, if any, of the insurer shall
34 be listed, assessed and taxed the same as real and personal property of like character of noninsur-
35 ers. Nothing in this subsection shall be construed to preclude the imposition of the assessments
36 imposed under ORS 656.612 upon a foreign or alien insurer.

37 (2) Subsection (1) of this section applies to a reciprocal insurer and its attorney in its capacity
38 as such.

39 (3) Subsection (1) of this section applies to foreign or alien title insurers and to foreign or alien
40 wet marine and transportation insurers issuing policies and subject to taxes referred to in ORS
41 731.824 and 731.828.

42 (4) The State of Oregon hereby preempts the field of regulating or of imposing excise, privilege,
43 franchise, income, license, permit, registration, and similar taxes, licenses and fees upon insurers
44 and their insurance producers and other representatives as such, and:

45 (a) No county, city, district, or other political subdivision or agency in this state shall so regu-

1 late, or shall levy upon insurers, or upon their insurance producers and representatives as such, any
2 such tax, license or fee; except that whenever a county, city, district or other political subdivision
3 levies or imposes generally on a nondiscriminatory basis throughout the jurisdiction of the taxing
4 authority a payroll, excise or income tax, as otherwise provided by law, such tax may be levied or
5 imposed upon domestic insurers; and

6 (b) No county, city, district, political subdivision or agency in this state shall require of any
7 insurer, insurance producer or representative, duly authorized or licensed as such under the Insur-
8 ance Code, any additional authorization, license, or permit of any kind for conducting therein
9 transactions otherwise lawful under the authority or license granted under this code.

10 **SECTION 18.** ORS 291.055 is amended to read:

11 291.055. (1) Notwithstanding any other law that grants to a state agency the authority to es-
12 tablish fees, all new state agency fees or fee increases adopted during the period beginning on the
13 date of adjournment sine die of a regular session of the Legislative Assembly and ending on the date
14 of adjournment sine die of the next regular session of the Legislative Assembly:

15 (a) Are not effective for agencies in the executive department of government unless approved
16 in writing by the Director of the Oregon Department of Administrative Services;

17 (b) Are not effective for agencies in the judicial department of government unless approved in
18 writing by the Chief Justice of the Supreme Court;

19 (c) Are not effective for agencies in the legislative department of government unless approved
20 in writing by the President of the Senate and the Speaker of the House of Representatives;

21 (d) Shall be reported by the state agency to the Oregon Department of Administrative Services
22 within 10 days of their adoption; and

23 (e) Are rescinded on adjournment sine die of the next regular session of the Legislative Assem-
24 bly as described in this subsection, unless otherwise authorized by enabling legislation setting forth
25 the approved fees.

26 (2) This section does not apply to:

27 (a) Any tuition or fees charged by a public university listed in ORS 352.002.

28 (b) Taxes or other payments made or collected from employers for unemployment insurance re-
29 quired by ORS chapter 657 or premium assessments required by ORS 656.612 and 656.614 or contri-
30 butions and assessments calculated by cents per hour for workers' compensation coverage required
31 by ORS 656.506.

32 (c) Fees or payments required for:

33 (A) Health care services provided by the Oregon Health and Science University, by the Oregon
34 Veterans' Homes pursuant to ORS 408.362 and 408.365 to 408.385 and by other state agencies and
35 institutions pursuant to ORS 179.610 to 179.770.

36 (B) Copayments and premiums paid to the Oregon medical assistance program.

37 *[(C) Assessments paid to the Department of Consumer and Business Services under sections 3 and*
38 *5, chapter 538, Oregon Laws 2017.]*

39 (d) Fees created or authorized by statute that have no established rate or amount but are cal-
40 culated for each separate instance for each fee payer and are based on actual cost of services pro-
41 vided.

42 (e) State agency charges on employees for benefits and services.

43 (f) Any intergovernmental charges.

44 (g) Forest protection district assessment rates established by ORS 477.210 to 477.265 and the
45 Oregon Forest Land Protection Fund fees established by ORS 477.760.

1 (h) State Department of Energy assessments required by ORS 456.595 and 469.421 (8).

2 (i) Assessments on premiums charged by the Director of the Department of Consumer and
3 Business Services pursuant to ORS 731.804 or fees charged by the director to banks, trusts and
4 credit unions pursuant to ORS 706.530 and 723.114.

5 (j) Public Utility Commission operating assessments required by ORS 756.310 or charges paid to
6 the Residential Service Protection Fund required by chapter 290, Oregon Laws 1987.

7 (k) Fees charged by the Housing and Community Services Department for intellectual property
8 pursuant to ORS 456.562.

9 (L) New or increased fees that are anticipated in the legislative budgeting process for an
10 agency, revenues from which are included, explicitly or implicitly, in the legislatively adopted
11 budget or the legislatively approved budget for the agency.

12 (m) Tolls approved by the Oregon Transportation Commission pursuant to ORS 383.004.

13 (n) Portal provider fees as defined in ORS 276A.270 and established by the State Chief Infor-
14 mation Officer under ORS 276A.276 (3) and recommended by the Electronic Government Portal Ad-
15 visory Board.

16 (o) Fees set by the State Parks and Recreation Director and approved by the State Parks and
17 Recreation Commission under ORS 390.124 (2)(b).

18 (3)(a) Fees temporarily decreased for competitive or promotional reasons or because of unex-
19 pected and temporary revenue surpluses may be increased to not more than their prior level without
20 compliance with subsection (1) of this section if, at the time the fee is decreased, the state agency
21 specifies the following:

22 (A) The reason for the fee decrease; and

23 (B) The conditions under which the fee will be increased to not more than its prior level.

24 (b) Fees that are decreased for reasons other than those described in paragraph (a) of this sub-
25 section may not be subsequently increased except as allowed by ORS 291.050 to 291.060 and 294.160.

26 **SECTION 19.** ORS 243.135 is amended to read:

27 243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public
28 Employees' Benefit Board, the board shall contract for a health benefit plan or plans best designed
29 to meet the needs and provide for the welfare of eligible employees, the state and the local gov-
30 ernments. In considering whether to enter into a contract for a plan, the board shall place emphasis
31 on:

32 (a) Employee choice among high quality plans;

33 (b) A competitive marketplace;

34 (c) Plan performance and information;

35 (d) Employer flexibility in plan design and contracting;

36 (e) Quality customer service;

37 (f) Creativity and innovation;

38 (g) Plan benefits as part of total employee compensation;

39 (h) The improvement of employee health; and

40 (i) Health outcome and quality measures, described in ORS 413.017 (4), that are reported by the
41 plan.

42 (2) The board may approve more than one carrier for each type of plan contracted for and of-
43 fered but the number of carriers shall be held to a number consistent with adequate service to eli-
44 gible employees and their family members.

45 (3) Where appropriate for a contracted and offered health benefit plan, the board shall provide

1 options under which an eligible employee may arrange coverage for family members. The board shall
2 impose a surcharge in an amount determined by the board on an eligible employee who arranges
3 coverage for the employee's spouse or dependent under this subsection if the spouse or dependent
4 has access to medical coverage as an employee in another health benefit plan offered by the board
5 or the Oregon Educators Benefit Board.

6 (4) Payroll deductions for costs that are not payable by the state or a local government may be
7 made upon receipt of a signed authorization from the employee indicating an election to participate
8 in the plan or plans selected and the deduction of a certain sum from the employee's pay.

9 (5) In developing any health benefit plan, the board may provide an option of additional cover-
10 age for eligible employees and their family members at an additional cost or premium.

11 (6) Transfer of enrollment from one plan to another shall be open to all eligible employees and
12 their family members under rules adopted by the board. Because of the special problems that may
13 arise in individual instances under comprehensive group practice plan coverage involving acceptable
14 provider-patient relations between a particular panel of providers and particular eligible employees
15 and their family members, the board shall provide a procedure under which any eligible employee
16 may apply at any time to substitute a health service benefit plan for participation in a compre-
17 hensive group practice benefit plan.

18 (7) The board shall evaluate a benefit plan that serves a limited geographic region of this state
19 according to the criteria described in subsection (1) of this section.

20 (8)(a) The board shall use payment methodologies in self-insured health benefit plans offered by
21 the board that are designed to limit the growth in per-member expenditures for health services to
22 no more than 3.4 percent per year. *[The assessment paid in accordance with section 3, chapter 538,*
23 *Oregon Laws 2017, shall be excluded in determining the 3.4 percent annual increase in per-member*
24 *expenditures for health services.]*

25 (b) The board shall adopt policies and practices designed to limit the annual increase in pre-
26 mium amounts paid for contracted health benefit plans to 3.4 percent.

27 (9) As frequently as is recommended as a commercial best practice by consultants engaged by
28 the board, the board shall conduct an audit of the health benefit plan enrollees' continued eligibility
29 for coverage as spouses or dependents or any other basis that would affect the cost of the premium
30 for the plan.

31 (10) If the board spends less than 12 percent of its total medical expenditures in self-insured
32 health benefit plans on payments for primary care, the board shall implement a plan for increasing
33 the percentage of total medical expenditures spent on payments for primary care by at least one
34 percent each year.

35 (11) No later than February 1 of each year, the board shall report to the Legislative Assembly
36 on any plan implemented under subsection (10) of this section and on the board's progress toward
37 achieving the target of spending at least 12 percent of total medical expenditures in self-insured
38 health benefit plans on payments for primary care.

39 **SECTION 20.** ORS 317A.100, as amended by section 26, chapter 75, Oregon Laws 2024, is
40 amended to read:

41 317A.100. As used in ORS 317A.100 to 317A.158:

42 (1)(a) "Commercial activity" means:

43 (A) The total amount realized by a person, arising from transactions and activity in the regular
44 course of the person's trade or business, without deduction for expenses incurred by the trade or
45 business;

- 1 (B) If received by a financial institution:
- 2 (i) If the reporting person for a financial institution is a holding company, all items of income
- 3 reported on the FR Y-9 filed by the holding company;
- 4 (ii) If the reporting person for a financial institution is a bank organization, all items of income
- 5 reported on the call report filed by the bank organization; and
- 6 (iii) If the reporting person for a financial institution is a nonbank financial organization, all
- 7 items of income reported in accordance with generally accepted accounting principles; and
- 8 (C)(i) If received by an insurer, as reported on the statement of premiums accompanying the
- 9 annual statement required under ORS 731.574 to be filed with the Director of the Department of
- 10 Consumer and Business Services, all gross direct life insurance premiums, gross direct accident and
- 11 health insurance premiums and gross direct property and casualty insurance premiums; and
- 12 (ii) The gross amount of surplus lines premiums received on Oregon home state risks as shown
- 13 in the report required by ORS 735.465.
- 14 (b) "Commercial activity" does not include:
- 15 (A) Interest income except:
- 16 (i) Interest on credit sales; or
- 17 (ii) Interest income, including service charges, received by financial institutions;
- 18 (B) Receipts from the sale, exchange or other disposition of an asset described in section 1221
- 19 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;
- 20 (C) If received by an insurer, federally reinsured premiums or income from transactions between
- 21 a reciprocal insurer and its attorney in fact operating under ORS 731.142;
- 22 (D) Receipts from hedging transactions, to the extent that the transactions are entered into
- 23 primarily to protect a financial position, including transactions intended to manage the risk of ex-
- 24 posure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or in-
- 25 vestments in foreign operations, risk of exposure to interest rate fluctuations or risk of commodity
- 26 price fluctuations;
- 27 (E) Proceeds received attributable to the repayment, maturity or redemption of the principal of
- 28 a loan, bond, mutual fund, certificate of deposit or marketable instrument;
- 29 (F) The principal amount received under a repurchase agreement or on account of any trans-
- 30 action properly characterized as a loan to the person;
- 31 (G) Contributions received by a trust, plan or other arrangement, any of which is described in
- 32 section 501(a) of the Internal Revenue Code, or to which title 26, subtitle A, chapter 1, subchapter
- 33 (D) of the Internal Revenue Code applies;
- 34 (H) Compensation, whether current or deferred, and whether in cash or in kind, received or to
- 35 be received by an employee, a former employee or the employee's legal successor for services ren-
- 36 dered to or for an employer, including reimbursements received by or for an individual for medical
- 37 or education expenses, health insurance premiums or employee expenses or on account of a de-
- 38 pendent care spending account, legal services plan, any cafeteria plan described in section 125 of
- 39 the Internal Revenue Code or any similar employee reimbursement;
- 40 (I) Proceeds received from the issuance of the taxpayer's own stock, options, warrants, puts or
- 41 calls, or from the sale of the taxpayer's treasury stock;
- 42 (J) Proceeds received on the account of payments from insurance policies, including crop in-
- 43 surance policies, owned by the taxpayer, except those proceeds received for the loss of commercial
- 44 activity;
- 45 (K) Gifts or charitable contributions received, membership dues received by trade, professional,

1 homeowners' or condominium associations, payments received for educational courses, meetings or
2 meals, or similar payments to a trade, professional or other similar association, and fundraising re-
3 cepts received by any person when any excess receipts are donated or used exclusively for chari-
4 table purposes;

5 (L) Damages received as the result of litigation in excess of amounts that, if received without
6 litigation, would be treated as commercial activity;

7 (M) Property, money and other amounts received or acquired by an agent on behalf of another
8 in excess of the agent's commission, fee or other remuneration;

9 (N) Tax refunds from any tax program, other tax benefit recoveries and reimbursements for the
10 tax imposed under ORS 317A.100 to 317A.158 made by entities that are part of the same unitary
11 group as provided under ORS 317A.106, and reimbursements made by entities that are not members
12 of a unitary group that are required to be made for economic parity among multiple owners of an
13 entity whose tax obligation under ORS 317A.100 to 317A.158 is required to be reported and paid
14 entirely by one owner, as provided in ORS 317A.106;

15 (O) Pension reversions;

16 (P) Contributions to capital;

17 (Q) Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel or any
18 other product used for the propulsion of motor vehicles;

19 (R) In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer,
20 retail dealer, distributor, manufacturer or seller, an amount equal to the federal and state excise
21 taxes paid by any person on or for such cigarettes or tobacco products under subtitle E of the
22 Internal Revenue Code or ORS chapter 323;

23 (S) In the case of receipts from the sale of malt beverages or wine, as defined in ORS 471.001,
24 cider, as defined in ORS 471.023 or distilled liquor, as defined in ORS 471.001, by a person holding
25 a license issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid
26 by any person on or for such malt beverages, wine or distilled liquor under subtitle E of the Internal
27 Revenue Code or ORS chapter 471 or 473, and any amount paid to the Oregon Liquor and Cannabis
28 Commission for sales of distilled spirits by an agent appointed under ORS 471.750;

29 (T) In the case of receipts from the sale of marijuana items, as defined in ORS 475C.009, by a
30 person holding a license issued under ORS 475C.005 to 475C.525, an amount equal to the federal and
31 state excise taxes paid by any person on or for such marijuana items under subtitle E of the Internal
32 Revenue Code or ORS 475C.670 to 475C.734 and any local retail taxes authorized under ORS
33 475C.453;

34 (U) Local taxes collected by a restaurant or other food establishment on sales of meals, prepared
35 food or beverages;

36 (V) Tips or gratuities collected by a restaurant or other food establishment and passed on to
37 employees;

38 (W) Receipts realized by a vehicle dealer certified under ORS 822.020 or a person described in
39 ORS 320.400 (8)(a)(B) from the sale or other transfer of a motor vehicle, as defined in ORS 801.360,
40 to another vehicle dealer for the purpose of resale by the transferee vehicle dealer, but only if the
41 sale or other transfer was based upon the transferee's need to meet a specific customer's preference
42 for a motor vehicle or is an exchange of new vehicles between franchised motor vehicle dealerships;

43 (X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020 or a
44 person described in ORS 320.400 (8)(a)(B) at the sale or other transfer of a motor vehicle, as defined
45 in ORS 801.360, that are owed to a third party by the purchaser of the motor vehicle and passed to

1 the third party by the dealer;

2 (Y) Receipts from a financial institution for services provided to the financial institution in
3 connection with the issuance, processing, servicing and management of loans or credit accounts, if
4 the financial institution and the recipient of the receipts have at least 50 percent of their ownership
5 interests owned or controlled, directly or constructively through related interests, by common own-
6 ers;

7 (Z) In the case of amounts retained as commissions by a holder of a license under ORS chapter
8 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to or col-
9 lected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to
10 be used as purse money;

11 (AA) Receipts of residential care facilities as defined in ORS 443.400 or in-home care agencies
12 as defined in ORS 443.305, to the extent that the receipts are derived from or received as compen-
13 sation for providing services to a medical assistance or Medicare recipient;

14 (BB) Dividends received;

15 (CC) Distributive income received from a pass-through entity;

16 (DD) Receipts from sales to a wholesaler in this state, if the seller receives certification at the
17 time of sale from the wholesaler that the wholesaler will sell the purchased property outside this
18 state;

19 (EE) Receipts from the wholesale or retail sale of groceries, including receipts of a person that
20 owns groceries at the time of sale and compensation of any consignee engaged in effecting the sale
21 of groceries on behalf the owner of the groceries, but only to the extent that the compensation re-
22 lates to grocery sales;

23 (FF) Receipts from transactions among members of a unitary group;

24 (GG) Moneys, including public purpose charge moneys collected under ORS 757.612 and moneys
25 collected to plan for and pursue cost-effective energy efficiency resources under ORS 757.054, that
26 are collected from customers, passed to a utility and approved by the Public Utility Commission and
27 that support energy conservation, renewable resource acquisition and low-income assistance pro-
28 grams;

29 (HH) Moneys collected by a utility from customers for the payment of loans through on-bill fi-
30 nancing;

31 (II) Surcharges collected under ORS 757.736;

32 (JJ) Moneys passed to a utility by the Bonneville Power Administration for the purpose of
33 effectuating the Regional Power Act Exchange credits or pursuant to any settlement associated with
34 the exchange credit;

35 (KK) Moneys collected or recovered, by entities listed in ORS 756.310, cable operators as de-
36 fined in 47 U.S.C. 522(5), telecommunications carriers as defined in 47 U.S.C. 153(51) and providers
37 of information services as defined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-
38 way fees, franchise fees, privilege taxes, federal taxes and local taxes;

39 (LL) Charges paid to the Residential Service Protection Fund required by chapter 290, Oregon
40 Laws 1987;

41 (MM) Universal service surcharge moneys collected or recovered and paid into the universal
42 service fund established in ORS 759.425;

43 (NN) Moneys collected for public purpose funding as described in ORS 759.430;

44 (OO) Moneys collected or recovered and paid into the federal universal service fund as deter-
45 mined by the Federal Communications Commission;

1 (PP) In the case of a seller or provider of telecommunications services, the amount of tax im-
2 posed under ORS 403.200 for access to the emergency communications system that is collected from
3 subscribers or consumers;

4 (QQ) In the case of a transient lodging tax collector, the amount of tax imposed under ORS
5 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;

6 (RR) In the case of a seller of bicycles, the amount of tax imposed under ORS 320.415 upon retail
7 sales of bicycles;

8 (SS) In the case of a qualified heavy equipment provider, the amount of tax imposed under ORS
9 307.872 upon the rental price of heavy equipment;

10 (TT) Farmer sales to an agricultural cooperative in this state that is a cooperative organization
11 described in section 1381 of the Internal Revenue Code;

12 (UU) Revenue received by a business entity that is mandated by contract or subcontract to be
13 distributed to another person or entity if the revenue constitutes sales commissions that are paid
14 to a person who is not an employee of the business entity, including, without limitation, a split-fee
15 real estate commission;

16 (VV) Receipts from the sale of fluid milk by dairy farmers that are not members of an agricul-
17 tural cooperative; and

18 (WW)(i) Cost paid by a dealer for items of precious metal.

19 (ii) As used in this subparagraph, "item of precious metal" means an item of gold, silver,
20 platinum, rhodium or palladium that has been put through a process of smelting or refining and that
21 is in a state or condition that its value depends on its contents and not its form.

22 (2) "Cost inputs" means:

23 (a) The cost of goods sold as calculated in arriving at federal taxable income under the Internal
24 Revenue Code; or

25 (b) In the case of a taxpayer that is engaged in a farming operation, as defined in ORS 317A.102,
26 and that does not report cost of goods sold for federal tax purposes, the taxpayer's operating ex-
27 penses excluding labor costs.

28 (3) "Doing business" means engaging in any activity, whether legal or illegal, that is conducted
29 for, or results in, the receipt of commercial activity at any time during a calendar year.

30 (4) "Excluded person" means any of the following:

31 (a) Organizations described in sections 501(c) and 501(j) of the Internal Revenue Code, unless the
32 exemption is denied under section 501(h), (i) or (m) or under section 502, 503 or 505 of the Internal
33 Revenue Code.

34 (b) Organizations described in section 501(d) of the Internal Revenue Code, unless the exemption
35 is denied under section 502 or 503 of the Internal Revenue Code.

36 (c) Organizations described in section 501(e) of the Internal Revenue Code.

37 (d) Organizations described in section 501(f) of the Internal Revenue Code.

38 (e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

39 (f) Organizations described in section 521 of the Internal Revenue Code.

40 (g) Qualified state tuition programs described in section 529 of the Internal Revenue Code.

41 (h) Foreign or alien insurance companies, but only with respect to the underwriting profit de-
42 rived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and
43 731.828 or if an insurance company is subject to the retaliatory tax under ORS 731.854 and 731.859.

44 (i) Governmental entities.

45 (j) Any person with commercial activity that does not exceed \$750,000 for the tax year, other

1 than a person that is part of a unitary group as provided in ORS 317A.106 with commercial activity
2 in excess of \$750,000.

3 (k) [*Hospitals subject to assessment under ORS 414.855,*] Long term care facilities subject to as-
4 sessment under ORS 409.801 [*or any entity subject to assessment under ORS 414.880 or section 3 or*
5 *5, chapter 538, Oregon Laws 2017*].

6 (L) Manufactured dwelling park nonprofit cooperatives organized under ORS chapter 62.

7 (5) “Financial institution” has the meaning given that term in ORS 314.610, except that “finan-
8 cial institution” does not include a credit union.

9 (6)(a) “FR Y-9” means the consolidated or parent-only financial statements that a holding com-
10 pany is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

11 (b) In the case of a holding company required to file both consolidated and parent-only financial
12 statements, “FR Y-9” means the consolidated financial statements that the holding company is re-
13 quired to file.

14 (7) “Governmental entity” means:

15 (a) The United States and any of its unincorporated agencies and instrumentalities.

16 (b) Any incorporated agency or instrumentality of the United States wholly owned by the United
17 States or by a corporation wholly owned by the United States.

18 (c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

19 (d) Any county, city, district or other political subdivision of the state.

20 (e) A special government body as defined in ORS 174.117.

21 (f) A federally recognized Indian tribe.

22 (8) “Groceries” means food as defined in 7 U.S.C. 2012(k), but does not include cannabinoid
23 edibles or marijuana seeds.

24 (9)(a) “Hedging transaction” means a hedging transaction as defined in section 1221 of the
25 Internal Revenue Code or a transaction accorded hedge accounting treatment under Financial Ac-
26 counting Standards Board Statement No. 133.

27 (b) “Hedging transaction” does not include a transaction in which an actual transfer of title of
28 real or tangible property to another entity occurs.

29 (10) “Insurer” has the meaning given that term in ORS 317.010.

30 (11) “Internal Revenue Code,” except where the Legislative Assembly has provided otherwise,
31 refers to the laws of the United States or to the Internal Revenue Code as they are amended and
32 in effect on December 31, 2023.

33 (12) “Labor costs” means total compensation of all employees, not to include compensation paid
34 to any single employee in excess of \$500,000.

35 (13)(a) “Motor vehicle fuel or any other product used for the propulsion of motor vehicles”
36 means:

37 (A) Motor vehicle fuel as defined in ORS 319.010; and

38 (B) Fuel the use of which in a motor vehicle is subject to taxation under ORS 319.530.

39 (b) “Motor vehicle fuel or any other product used for the propulsion of motor vehicles” does not
40 mean:

41 (A) Electricity; or

42 (B) Electric batteries or any other mechanical or physical component or accessory of a motor
43 vehicle.

44 (14) “Person” includes individuals, combinations of individuals of any form, receivers, assignees,
45 trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates, partner-

1 ships, limited liability partnerships, limited liability companies, associations, joint ventures, clubs,
2 societies, entities organized as for-profit corporations under ORS chapter 60, C corporations, S cor-
3 porations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that are
4 disregarded for federal income tax purposes and any other entities.

5 (15) "Retailer" means a person doing business by selling tangible personal property to a pur-
6 chaser for a purpose other than:

7 (a) Resale by the purchaser of the property as tangible personal property in the regular course
8 of business;

9 (b) Incorporation by the purchaser of the property in the course of regular business as an in-
10 gredient or component of real or personal property; or

11 (c) Consumption by the purchaser of the property in the production for sale of a new article of
12 tangible personal property.

13 (16) "Taxable commercial activity" means commercial activity sourced to this state under ORS
14 317A.128, less any subtraction pursuant to ORS 317A.119.

15 (17)(a) "Taxpayer" means any person or unitary group required to register, file or pay tax under
16 ORS 317A.100 to 317A.158.

17 (b) "Taxpayer" does not include excluded persons, except to the extent that a tax-exempt entity
18 has unrelated business income as described in the Internal Revenue Code.

19 (18) "Tax year" means, except as otherwise provided in ORS 317A.103, a taxpayer's annual ac-
20 counting period used for federal income tax purposes under section 441 of the Internal Revenue
21 Code.

22 (19)(a) "Unitary business" means a business enterprise in which there exists directly or indi-
23 rectly between the members or parts of the enterprise a sharing or exchange of value as demon-
24 strated by:

25 (A) Centralized management or a common executive force;

26 (B) Centralized administrative services or functions resulting in economies of scale; or

27 (C) Flow of goods, capital resources or services demonstrating functional integration.

28 (b) "Unitary business" may include a business enterprise the activities of which:

29 (A) Are in the same general line of business, such as manufacturing, wholesaling or retailing;

30 or

31 (B) Constitute steps in a vertically integrated process, such as the steps involved in the pro-
32 duction of natural resources, which might include exploration, mining, refining and marketing.

33 (20) "Unitary group" means a group of persons with more than 50 percent common ownership,
34 either direct or indirect, that is engaged in business activities that constitute a unitary business.

35 (21) "Wholesaler" means a person primarily doing business by merchant distribution of tangible
36 personal property to retailers or to other wholesalers.

37 **SECTION 21.** ORS 415.500 is amended to read:

38 415.500. As used in this section and ORS 415.501 and 415.505:

39 (1) "Corporate affiliation" has the meaning prescribed by the Oregon Health Authority by rule,
40 including:

41 (a) Any relationship between two organizations that reflects, directly or indirectly, a partial or
42 complete controlling interest or partial or complete corporate control; and

43 (b) Transactions that merge tax identification numbers or corporate governance.

44 (2) "Essential services" means:

45 (a) Services that are funded on the prioritized list described in ORS 414.690; and

- 1 (b) Services that are essential to achieve health equity.
- 2 (3) “Health benefit plan” has the meaning given that term in ORS 743B.005.
- 3 (4)(a) “Health care entity” includes:
- 4 (A) An individual health professional licensed or certified in this state;
- 5 (B) A hospital, as defined in ORS 442.015, or hospital system, as defined by the authority by rule;
- 6 (C) A carrier, as defined in ORS 743B.005, that offers a health benefit plan in this state;
- 7 (D) A Medicare Advantage plan;
- 8 (E) A coordinated care organization or a prepaid managed care health services organization, as
- 9 both terms are defined in ORS 414.025; and
- 10 (F) Any other entity that has as a primary function the provision of health care items or ser-
- 11 vices or that is a parent organization of, or is an entity closely related to, an entity that has as a
- 12 primary function the provision of health care items or services.
- 13 (b) “Health care entity” does not include:
- 14 (A) Long term care facilities, as defined in ORS 442.015.
- 15 (B) Facilities licensed and operated under ORS 443.400 to 443.455.
- 16 (5) “Health equity” has the meaning prescribed by the Oregon Health Policy Board and adopted
- 17 by the authority by rule.
- 18 (6)(a) “Material change transaction” means:
- 19 (A) A transaction in which at least one party had average revenue of \$25 million or more in the
- 20 preceding three fiscal years and another party:
- 21 (i) Had an average revenue of at least \$10 million in the preceding three fiscal years; or
- 22 (ii) In the case of a new entity, is projected to have at least \$10 million in revenue in the first
- 23 full year of operation at normal levels of utilization or operation as prescribed by the authority by
- 24 rule.
- 25 (B) If a transaction involves a health care entity in this state and an out-of-state entity, a
- 26 transaction that otherwise qualifies as a material change transaction under this paragraph that may
- 27 result in increases in the price of health care or limit access to health care services in this state.
- 28 (b) “Material change transaction” does not include:
- 29 (A) A clinical affiliation of health care entities formed for the purpose of collaborating on clin-
- 30 ical trials or graduate medical education programs.
- 31 (B) A medical services contract or an extension of a medical services contract.
- 32 (C) An affiliation that:
- 33 (i) Does not impact the corporate leadership, governance or control of an entity; and
- 34 (ii) Is necessary, as prescribed by the authority by rule, to adopt advanced value-based payment
- 35 methodologies to meet the health care cost growth targets under ORS 442.386.
- 36 (D) Contracts under which one health care entity, for and on behalf of a second health care
- 37 entity, provides patient care and services or provides administrative services relating to, supporting
- 38 or facilitating the provision of patient care and services, if the second health care entity:
- 39 (i) Maintains responsibility, oversight and control over the patient care and services; and
- 40 (ii) Bills and receives reimbursement for the patient care and services.
- 41 (E) Transactions in which a participant that is a health center as defined in 42 U.S.C. 254b,
- 42 while meeting all of the participant’s obligations, acquires, affiliates with, partners with or enters
- 43 into any agreement with another entity unless the transaction would result in the participant no
- 44 longer qualifying as a health center under 42 U.S.C. 254b.
- 45 (7)(a) “Medical services contract” means a contract to provide medical or mental health services

1 entered into by:

2 (A) A carrier and an independent practice association;

3 (B) A carrier, coordinated care organization, independent practice association or network of
4 providers and one or more providers, as defined in ORS 743B.001;

5 (C) An independent practice association and an individual health professional or an organization
6 of health care providers;

7 (D) Medical, dental, vision or mental health clinics; or

8 (E) A medical, dental, vision or mental health clinic and an individual health professional to
9 provide medical, dental, vision or mental health services.

10 (b) "Medical services contract" does not include a contract of employment or a contract creat-
11 ing a legal entity and ownership of the legal entity that is authorized under ORS chapter 58, 60 or
12 70 or under any other law authorizing the creation of a professional organization similar to those
13 authorized by ORS chapter 58, 60 or 70, as may be prescribed by the authority by rule.

14 (8) "Net patient revenue" means the total amount of revenue, after allowance for contractual
15 amounts, charity care and bad debt, received for patient care and services, including:

16 (a) Value-based payments;

17 (b) Incentive payments; **and**

18 (c) Capitation payments or payments under any similar contractual arrangement for the pre-
19 payment or reimbursement of patient care and services[; *and*]

20 [*(d) Any payment received by a hospital to reimburse a hospital assessment under ORS 414.855*].

21 (9) "Revenue" means:

22 (a) Net patient revenue; or

23 (b) The gross amount of premiums received by a health care entity that are derived from health
24 benefit plans.

25 (10) "Transaction" means:

26 (a) A merger of a health care entity with another entity;

27 (b) An acquisition of one or more health care entities by another entity;

28 (c) New contracts, new clinical affiliations and new contracting affiliations that will eliminate
29 or significantly reduce, as defined by the authority by rule, essential services;

30 (d) A corporate affiliation involving at least one health care entity; or

31 (e) Transactions to form a new partnership, joint venture, accountable care organization, parent
32 organization or management services organization, as prescribed by the authority by rule.

33
34 **CAPTIONS**

35
36 **SECTION 22. The unit captions used in this 2025 Act are provided only for the conven-**
37 **ience of the reader and do not become part of the statutory law of this state or express any**
38 **legislative intent in the enactment of this 2025 Act.**

39
40 **OPERATIVE DATE AND EFFECTIVE DATE**

41
42 **SECTION 23. The amendments to ORS 243.135, 291.055, 317A.100, 415.500, 731.292, 731.509**
43 **and 731.840 by sections 4 and 16 to 21 of this 2025 Act become operative on January 2, 2038.**

44 **SECTION 24. This 2025 Act takes effect on the 91st day after the date on which the 2025**
45 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

