

# **SB 842: Modernizing Hospital Oversight Fee Structure**

People in Oregon rely on the Oregon Health Authority (OHA) to oversee hospitals in Oregon and ensure that patients are protected with safe, high-quality care. OHA's oversight of hospitals and patient safety work is funded by licensing fees from hospitals. Recently, however, unchanged fees combined with a more complex health care system and an increase in legislatively mandated hospital requirements has made OHA's level of work in this area difficult to sustain.

## **Funding for Hospital Oversight has Remained Unchanged for 15 Years**

The purpose of hospital licensing regulation is to ensure safe, high-quality hospital care for people in Oregon. This model is especially important for chronically ill individuals, individuals with disabilities, and for many people who do not have regular access to care.

Often hospitals and health systems change or reduce services they offer, merge with other health systems, or simply close. These common changes have an impact on OHA's oversight duties that are not factored into the licensing fees hospitals pay. For example, in 2023, two hospitals sought to discontinue birthing services, and another health system closed an entire hospital in an urban area that resulted in a loss of both emergency and inpatient services to a community of over 170,000 residents. In each situation, OHA worked to

- Maintain patient services; and
- Provide clear information to patients, providers, and government partners about legal requirements and options for acceptable health care delivery.

In addition to managing hospital closures and reduction in services and their effects on communities, OHA has facilitated the implementation of new hospital services, including opening new inpatient psychiatric units, adding beds in hospitals, and adding new hospital service types, such as a new off-campus emergency department and

outpatient dialysis services.

In a changing healthcare landscape, issues around providing adequate and appropriate healthcare are becoming more common, and they are also becoming more complex. Addressing these issues in a manner that maintains high-quality, safe care for people in Oregon requires additional work of OHA.

Another issue of concern to OHA is that both the volume and severity of hospital complaints have increased in recent years. The number of complaints OHA received about hospitals jumped from 177 in 2017 to 414 in 2023, a 130% increase. In 2023, OHA received and investigated 14 complaints about 12 different hospitals which alleged non-compliance with laws and rules that specifically put patients at risk of death or serious harm.

In addition, the Oregon Legislature recently passed laws with new requirements for hospitals that OHA must enforce. These laws include requirements for safe discharge and transition of patients after a behavioral health crisis or suicide attempt, ensuring patients with disabilities can have a support person with them in the hospital, and ensuring patients with opioid use disorder leave the emergency room with two doses of overdose reversal medication, such as naloxone.

While the scope and complexity of supporting hospitals and ensuring patient safety have increased, the hospital licensing fee that supports OHA's oversight and patient safety work has not changed since 2009. Limited resources for the hospital licensing program have led to less outreach to impacted people, less timely investigations, and less assistance for individuals who speak a language other than English or who experience other communication barriers. Working with limited resources has also prevented the program from successfully supporting equitable emergency planning and disaster response, responding to frequent questions from the public, and from consulting on regulatory solutions for hospitals looking to meet community needs.

## **Health Facility Licensing and Certification – Program Overview**

The Health Facility Licensing & Certification (HFLC) Program in the Health Care Regulation and Quality Improvement Section (HCRQI), OHA Public Health Division, provides oversight of acute and continuing care facilities and other providers through state licensure and federal certification, including but not limited to ambulatory surgical centers, outpatient dialysis facilities, and hospitals.

**Licensing Functions:** HFLC is responsible for:

- Processing initial, renewal, and hospital license applications, and change requests to licenses;
- Maintaining hospital license and contact information for emergency preparedness and other agency reporting;
- Providing a broad spectrum of technical assistance to hospitals related to all hospital regulations;
- Serving as the liaison between licensing and federal certification requirements;
- Processing state and federal rule waiver requests; and
- Conducting on-site surveys and complaint investigations related to patient health and safety.

## Complaint Response

When OHA receives a complaint about a hospital, HFLC:

- Reviews the complaint thoroughly for specific allegations of non-compliance with state or federal regulations, that includes reviewing applicable policies and procedures and gathering additional information from complainants;
- Decides whether to move forward with an investigation based on review and additional information gathered;
- Investigates the hospital for compliance with state and federal licensing and certification requirements;
- If an investigation shows noncompliance, the program drafts an investigation report and provides it to the hospital. The hospital then has a certain period to respond with a plan of correction to fix the issues of noncompliance;
- Reviews the plan of correction and conducts additional site visits, as needed; and
- Lastly, communicates with the hospital and closes out the case.

OHA typically offers substantial technical assistance to the hospital throughout the entire process. OHA communicates the results of the investigation, answers questions about the findings of the investigation and clarifies for the hospital the

requirements for an acceptable plan of correction.

## **Sufficient Resources for Hospital Oversight Will Lead to Better Care and Lower Costs**

SB 842 increases the capacity of OHA's hospital licensing program to:

- Conduct timely initial licensing surveys and investigate patient safety incidents in hospitals.
- Enforce new laws that ensure equitable, safe care for all, and increase outreach to the public and hospitals about these new patient protections.
- Modernize the licensing system to include:
  - Public online license verification.
  - Increased transparency of hospital services and public posting of regulatory findings.
  - Online license applications and payment system.
  - Improved reporting functions. For example, HCRQI staff will be able to pull data and reports from the online system about complaints and survey outcomes. This would provide information for quality improvement.
  - Emergency preparedness information that allows hospitals to better prepare for and operate in the event of public health emergencies.
  - Compliance functionality will allow surveyors to create understandable survey reports for state licensure requirements, including hospital staffing.
  - Applicants will be able to directly and quickly update some of their license information such as their primary contacts.
- Offer timely support and coordination to hospital leadership on regulatory matters.
- Provide timely state and federal regulatory guidance and technical assistance to hospitals that support them to ensure high-quality, safe care.
- Improve communication with patients and healthcare consumers, including through community-based and advocacy organizations.

In addition, the bill better protects confidentiality for the public and complainants by aligning with confidentiality protections that apply to Medicare and Medicaid complaint processes.

The increased licensing fees outlined below would pay for the work outlined in this informational sheet. General Fund would not be needed to cover any of the costs. The fees would change based on size of hospital, as seen below:

# of Hospital Beds	Current Fee	Increased Fee
<26	\$1,250	\$6,250
26-49	\$1,850	\$9,250
50-99	\$3,800	\$14,000

100-199	\$6,525	\$32,625
200-499	\$8,500	\$42,500
500 beds or more	\$12,070	\$60,350

A hospital would also have to pay a late fee of \$1,250 if the hospital fails to pay the license fee.

While there is an upfront cost to hospitals, OHA expects to see reduced costs because of improved oversight throughout the hospital system. OHA expects to see these cost reductions through prevention or mitigation of hospital closures, streamlining the licensing system, a reduction in cases of non-compliance that lead to complaints and complications, and more opportunity for hospitals to implement new approaches to improving hospital care.

#### **For more information:**

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