

The people of the State of Oregon hereby enact this ACT TO REQUIRE NONPROFIT HOSPITALS TO PROVIDE ADEQUATE LEVELS OF FREE AND REDUCED PRICE CARE, shall be made a part of the Oregon Revised Statutes.

Section 1. Findings.

- (1) It is impossible for many Oregonians to pay their hospital bills, even if they have health insurance.
- (2) The purpose of this Act is to ensure that nonprofit hospitals provide appropriate levels of free and reduced price care for people who need it.
- (3) Most Oregon hospitals operate as nonprofits, which means they do not pay taxes and they can raise money by issuing tax-exempt bonds. In exchange, the people have a right to expect these hospitals to provide free and reduced price care to people who cannot afford to pay full price. Current law provides no guidance about how much free or reduced price care a nonprofit hospital should provide. This Act sets the amount of free or reduced price care nonprofit hospitals must provide to keep their state tax exemptions and tax benefits.

Section 2. (1) In all fiscal years commencing on and after July 1, 2015, a hospital must provide the minimum level of charity care specified in this section in order to qualify for state tax exemptions and tax benefits.

(2) A hospital's unreimbursed costs associated with the delivery of charity care for the fiscal year must equal or exceed 5% of net patient revenue for the fiscal year unless the hospital's operating margin was negative for each of the two preceding fiscal years.

(3) A hospital's unreimbursed costs associated with the delivery of charity care as a percentage of net patient revenue for the fiscal year must not fall below the hospital's average for the preceding four fiscal years.

Section 3. The following definitions apply for purposes of this Act.

- (1) "Charity care" means (a) health care services provided by the hospital to people who are determined by the hospital to be unable to pay for the cost of health services, including free or reduced price care offered by a hospital to individuals in need under a uniformly administered financial assistance plan filed with the Department of Revenue that establishes income and asset eligibility rules, a schedule of price reductions, and hardship rules used to further reduce prices when medical bills exceed a certain percentage of their family or household income or assets (for example, due to catastrophic costs or conditions); (b) health services to improve the general health of low-income people in surrounding communities such as vaccination programs and community-based mental health outreach and assessment programs; and (c) financial support for provision of free or reduced-price care to low-income individuals at facilities owned and operated in surrounding communities by public entities or unrelated nonprofit organizations. "Charity care" does not include the cost of uncollected fees or accounts written off as bad debt. Uncollected fees are bad debt for the purposes of this Act unless the patient is provided information concerning the hospital's financial assistance policy, including the eligibility rules and level of assistance available, an application for assistance, and a person to contact for application assistance at the time of admission and at the time of billing; unless the hospital provides the patient with

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assistance to establish eligibility for free or reduced price care before billing for services; and the patient is subjected to no extraordinary collections activities as described in Section 501(r)(6) of the Internal Revenue Code.

- (2) "Hospital" means a hospital as defined in ORS 442.015 and includes any facility operating under the hospital license. Hospital does not include a special inpatient care facility, a hospital operated by the United States Department of Veterans Affairs, a pediatric specialty hospital providing care to children at no charge, a hospital operated by the State of Oregon that provides only psychiatric care, a hospital operated by a public corporation as defined in ORS 353.010, or a hospital that receives a preponderance of its revenue from associated comprehensive group-practice prepayment health care service plans.
- (3) "Hospital organization" means an entity that owns or operates one or more hospitals.
- (4) "Low income individuals" means individuals with household incomes placing them at or below 200% of the federal poverty line.
- (5) "State tax benefits" means the right of a nonprofit organization to access revenue bond financing under ORS chapters 289 and 441 and the right for its donors to deduct contributions from their taxable income under ORS chapter 316.
- (6) "State tax exemptions" means the right of a nonprofit organization to an exemption from state and local property taxes for any portion of the organization's real or personal property under ORS chapter 307 and exemption from the corporate excise tax for its taxable income under ORS chapter 317.

Section 4. The Department of Revenue shall adopt rules for the administration of this Act.