

The people of the State of Oregon hereby enact this ACT REQUIRING HOSPITALS TO SET UNIFORM AND REASONABLE PRICES, which shall be made a part of ORS chapter 411:

Section 1. Findings.

- (1) Hospital services have become increasingly unaffordable for many Oregonians.
- (2) Hospitals do not disclose prices to patients before billing for services, so it is difficult for patients to choose to get treatment at the most affordable hospital that provides quality care.
- (3) Hospitals charge different prices to care for patients with the same health problems depending on what insurance they have.
- (4) Many hospitals charge patients more than double what it costs them to provide care.

Section 2. (1) Hospitals must set uniform and reasonable rates to be charged to individuals and health plans.
(2) Hospitals may not charge an individual or health plan or accept payment from an individual or health plan that is more or less than the uniform rate except that a hospital may provide free or reduced price care pursuant to a uniformly administered financial assistance plan.
(3) Hospitals must report the following to the Oregon Health Authority: the rates set, the rate-setting method used, and such financial data as is necessary and proper to enable the Authority and the public to monitor compliance with this Act.

Section 3. (1) The uniform and reasonable rate for a service must not be more than 30% above the sum of the hospital's per patient reasonable cost to provide the service and a pro rata share of its uncompensated costs for charity care and medical assistance programs operated under ORS 414.
(2) The hospital's total charges regulated by this Act must not be more than 30% the sum of the hospital's reasonable costs to provide services regulated by this Act and the hospital's uncompensated costs for charity care and medical assistance programs operated under ORS 414.
(3) If a hospital's charge for a service exceeds the limit established in subsection (1) of this section, the hospital has overcharged for the service and must refund the excess with interest to the individuals and health plans that paid for the service.
(4) If in any fiscal year a hospital's total charges regulated by this Act exceed the limit established in subsection (2) of this section, the hospital has overcharged for services and must refund individuals and health plans that paid for services regulated by the Act.

Section 4. (1) Notwithstanding Section 2 of this Act, a hospital may charge or accept payment that is more or less than the uniform and reasonable rate reported to the Authority if the conditions set forth in subsections (2) and (3) of this section are met.
(2) The rate is established in accordance with an alternative payment methodology as defined in ORS 414.653 approved by the Oregon Health Authority under this Act. The Authority may approve an alternative payment methodology if it finds that the methodology is likely to improve the quality and reduce the cost of health services for Oregonians as compared with services paid for in accordance with the hospital's uniform and reasonable rate-setting method.
(3) The hospital's total charges regulated by this Act are not more than 30% above the sum of the hospital's reasonable costs to provide services regulated by this Act and the hospital's uncompensated costs for charity care and medical assistance programs operated under ORS chapter 414.

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Section 5. Violation of this Act shall be an unfair trade practice and subject to the remedial provisions of ORS 646.618-646.642.

Section 6. The Oregon Health Authority shall adopt rules for administration of this Act, including reports necessary to determine whether aggregate charges have exceeded the limits imposed by Section 3 of this Act.

Section 7. This Act shall apply to rates changed on or after January 1, 2016.

Section 8. The following definitions apply for purposes of this Act.

(1) "Charity care" means 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 Authority. 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 plan, 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 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) "Financial assistance plan" means a written policy 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).

(3) "Health plan" means an individual or group plan that provides, or pays the cost of, medical care (as defined in section 2791(a)(2) of the Public Health Service Act, 42 U.S.C. 300gg-91(a)(2). It includes a self-insured plan but does not include traditional Medicare, medical assistance programs under ORS 414, or other programs in which the federal or state government pays for services directly.

(4) "Hospital" means a hospital as defined in ORS 442.015. Hospital does not include 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 special inpatient care facility, a hospital operated by a public corporation as defined in ORS 353.010, a hospital that receives a preponderance of its revenue from associated comprehensive group-practice prepayment health care service plans, or a hospital designated as a Critical Access hospital.

(5) "Interest" means interest at the rate specified in ORS 82.010.

(6) "Reasonable costs" mean costs determined in accordance with Part 413 of Title 42 of the Code of Federal Regulations.

(7) "Services" includes all things for which hospitals seek payment from patients or other payers, including but not limited to services, supplies, and room and board. Services may be bundled as they are for billing the traditional Medicare program or in the hospital's charge master.