

HOUSE AMENDMENTS TO HOUSE BILL 2391

By JOINT COMMITTEE ON WAYS AND MEANS

June 13

1 In line 2 of the printed bill, after the semicolon delete the rest of the line and insert “creating
2 new provisions; amending ORS 291.055, 731.292, 731.509 and 731.840 and sections 1, 2, 3, 5, 7, 9, 10,
3 12, 13 and 14, chapter 736, Oregon Laws 2003, and section 2, chapter 26, Oregon Laws 2016; re-
4 pealing section 15, chapter 389, Oregon Laws 2015; prescribing an effective date; and providing for
5 revenue raising that requires approval by a three-fifths majority.”.

6 Delete lines 4 through 13 and insert:
7

“HEALTH INSURANCE PREMIUM AND 8 MANAGED CARE ASSESSMENT 9

10
11 “**SECTION 1.** Sections 2 to 8 of this 2017 Act are added to and made a part of the In-
12 surance Code.

13 “**SECTION 2.** (1) The Health System Fund is established in the State Treasury, separate
14 and distinct from the General Fund. Interest earned by the Health System Fund shall be
15 credited to the fund.

16 “(2) Amounts in the Health System Fund are continuously appropriated to the Depart-
17 ment of Consumer and Business Services for the purposes of:

18 “(a) Administering the Oregon Reinsurance Program established in section 18 of this 2017
19 Act; and

20 “(b) Transferring moneys to the Oregon Health Authority to:

21 “(A) Provide medical assistance and other health services under ORS chapter 414.

22 “(B) Pay refunds due under section 11 of this 2017 Act.

23 “(C) Pay administrative costs incurred by the authority to administer the assessment
24 described in section 9 of this 2017 Act.

25 “**SECTION 3.** (1) As used in this section:

26 “(a) ‘Insured’ means an eligible employee or family member, as defined in ORS 243.105,
27 who is enrolled in a self-insured health benefit plan under ORS 243.105 to 243.285.

28 “(b) ‘Premium equivalent’ means a claim for reimbursement of the cost of a health care
29 item or service provided to an eligible employee or family member, other than a dental or
30 vision care item or service, and the administrative costs associated with the claim.

31 “(2) No later than 45 days following the end of a calendar quarter, the Public Employees’
32 Benefit Board shall pay an assessment at the rate of 1.5 percent on the gross amount of
33 premium equivalents received during the calendar quarter.

34 “(3) The assessment shall be paid to the Department of Consumer and Business Services
35 and shall be accompanied by a verified report, on a form prescribed by the department, to-

1 gether with any information required by the department.

2 “(4) The assessment imposed under this section is in addition to and not in lieu of any
3 tax, surcharge or other assessment imposed on the board.

4 “(5) If the department determines that the assessment paid by the board under this
5 section is incorrect, the department shall charge or credit to the board the difference be-
6 tween the correct amount of the assessment and the amount paid by the board.

7 “(6) The board is entitled to notice and an opportunity for a contested case hearing under
8 ORS chapter 183 to contest an action of the department taken pursuant to subsection (5) of
9 this section.

10 “(7) Moneys received by the department under this section shall be paid into the State
11 Treasury and credited to the Health System Fund established under section 2 of this 2017
12 Act.

13 “SECTION 4. Section 3 of this 2017 Act applies to premium equivalents received by the
14 Public Employees’ Benefit Board, or a third party administrator that contracts with the
15 board to administer a self-insured health benefit plan, during the period from January 1,
16 2018, through December 31, 2019.

17 “SECTION 5. (1) As used in this section:

18 “(a) ‘Gross amount of premiums’ has the meaning given that term in ORS 731.808.

19 “(b) ‘Health benefit plan’ has the meaning given that term in ORS 743B.005.

20 “(2) No later than 45 days following the end of a calendar quarter, an insurer shall pay
21 an assessment at the rate of 1.5 percent of the gross amount of premiums earned by the
22 insurer during that calendar quarter that were derived from health benefit plans delivered
23 or issued for delivery in Oregon.

24 “(3) The assessment shall be paid to the Department of Consumer and Business Services
25 and shall be accompanied by a verified form prescribed by the department together with any
26 information required by the department, that reports:

27 “(a) All health benefit plans issued or renewed by the insurer during the calendar quarter
28 for which the assessment is paid; and

29 “(b) The gross amount of premiums by line of insurance, derived by the insurer from all
30 health benefit plans issued or renewed by the insurer during the calendar quarter for which
31 the assessment is paid.

32 “(4) The assessment imposed under this section is in addition to and not in lieu of any
33 tax, surcharge or other assessment imposed on an insurer.

34 “(5) Any rate filed for the department’s approval may include amounts paid by the
35 insurer under this section as a valid element of administrative expense or retention.

36 “(6) Moneys received by the department under this section shall be paid into the State
37 Treasury and credited to the Health System Fund established under section 2 of this 2017
38 Act.

39 “SECTION 6. (1) If the Public Employees’ Benefit Board or an insurer fails to timely file
40 a verified form or to pay an assessment required under section 3 or 5 of this 2017 Act, the
41 Department of Consumer and Business Services shall impose a penalty on the board or
42 insurer of up to \$500 per day of delinquency. The total amount of penalties imposed under
43 this section for a calendar quarter may not exceed five percent of the assessment due for
44 that calendar quarter.

45 “(2) Any penalty imposed under this section is in addition to and not in lieu of the as-

1 assessment imposed under sections 3 and 5 of this 2017 Act.

2 **“SECTION 7.** (1) If the Department of Consumer and Business Services determines that
3 the assessment paid by the insurer under section 5 of this 2017 Act is incorrect, the depart-
4 ment shall charge or credit to the insurer the difference between the correct amount of the
5 assessment and the amount paid by the insurer.

6 **“(2)** An insurer that is aggrieved by an action of the department taken pursuant to sub-
7 section (1) of this section shall be entitled to notice and an opportunity for a contested case
8 hearing under ORS chapter 183.

9 **“SECTION 8.** (1) Section 5 of this 2017 Act applies to premiums earned by an insurer for
10 a period of eight calendar quarters beginning on the date, on or after January 1, 2018, that
11 the policy or certificate for which the premiums are paid is issued or renewed.

12 **“(2)** Notwithstanding any provision of contract or statute, including ORS 743B.013 and
13 743.022, insurers may increase their premium rate on policies or certificates that are subject
14 to the assessment under section 5 of this 2017 Act by 1.5 percent. If an insurer increases its
15 rates under this subsection, the insurer may include in its billings for health benefit plans
16 a notice, as prescribed by the Department of Consumer and Business Services, explaining
17 that the increase is due to the assessment under section 5 of this 2017 Act.

18 **“SECTION 9.** (1) As used in this section and sections 10 and 11 of this 2017 Act:

19 **“(a)** ‘Managed care organization’ means:

20 **“(A)** A coordinated care organization as defined in ORS 414.025; and

21 **“(B)** A prepaid managed care health services organization as defined in ORS 414.025.

22 **“(b)** ‘Premium equivalent’ means the payments made to the managed care organization
23 by the Oregon Health Authority for providing health services under ORS chapter 414.

24 **“(2)** No later than 45 days following the end of a calendar quarter, a managed care or-
25 ganization shall pay an assessment at a rate of 1.5 percent of the gross amount of premium
26 equivalents received during that calendar quarter.

27 **“(3)** The assessment shall be paid to the authority in a manner and form prescribed by
28 the authority.

29 **“(4)** Assessments received by the authority under this section shall be paid into the State
30 Treasury and credited to the Health System Fund established under section 2 of this 2017
31 Act.

32 **“(5)** The assessment imposed under this section is in addition to and not in lieu of any
33 tax, surcharge or other assessment imposed on a managed care organization.

34 **“SECTION 10.** (1) If a managed care organization fails to timely pay an assessment under
35 section 9 of this 2017 Act, the Oregon Health Authority shall impose a penalty on the man-
36 aged care organization of up to \$500 per day of delinquency. The total amount of penalties
37 imposed under this section for a calendar quarter may not exceed five percent of the as-
38 sessment due for that calendar quarter.

39 **“(2)** Any penalty imposed under this section is in addition to and not in lieu of the as-
40 sessment imposed under section 9 of this 2017 Act.

41 **“(3)** Penalties received by the authority under this section shall be paid into the State
42 Treasury and credited to the Health System Fund established under section 2 of this 2017
43 Act.

44 **“SECTION 11.** (1) A managed care organization that has paid an amount that is not re-
45 quired under section 9 of this 2017 Act may file a claim for refund with the Oregon Health

1 **Authority.**

2 **“(2) Any managed care organization that is aggrieved by an action of the authority taken**
3 **pursuant to subsection (1) of this section shall be entitled to notice and an opportunity for**
4 **a contested case hearing under ORS chapter 183.**

5 **“SECTION 12. Sections 9, 10 and 11 of this 2017 Act apply to any payments made to a**
6 **managed care organization by the Oregon Health Authority for the period beginning January**
7 **1, 2018, and ending December 31, 2019.**

8 **“SECTION 13.** ORS 731.292 is amended to read:

9 “731.292. (1) Except as provided in subsections (2), [and] (3) **and (4)** of this section, all fees,
10 charges and other moneys received by the Department of Consumer and Business Services or the
11 Director of the Department of Consumer and Business Services under the Insurance Code shall be
12 deposited in the fund created by ORS 705.145 and are continuously appropriated to the department
13 for the payment of the expenses of the department in carrying out the Insurance Code.

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

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

20 **“(4) Assessments received by the department under sections 3 and 5 of this 2017 Act and**
21 **penalties received by the department under section 6 of this 2017 Act shall be paid into the**
22 **State Treasury and credited to the Health System Fund established under section 2 of this**
23 **2017 Act.**

24 **“SECTION 14.** ORS 731.840 is amended to read:

25 “731.840. (1) The retaliatory tax imposed upon a foreign or alien insurer under ORS 731.854 and
26 731.859, or the corporate excise tax imposed upon a foreign or alien insurer under ORS chapter 317,
27 is in lieu of all other state taxes upon premiums, taxes upon income, franchise or other taxes
28 measured by income that might otherwise be imposed upon the foreign or alien insurer except the
29 fire insurance premiums tax imposed under ORS 731.820, [and] the tax imposed upon wet marine and
30 transportation insurers under ORS 731.824 and 731.828 **and the assessment imposed under sec-**
31 **tion 5 of this 2017 Act.** However, all real and personal property, if any, of the insurer shall be
32 listed, assessed and taxed the same as real and personal property of like character of noninsurers.
33 Nothing in this subsection shall be construed to preclude the imposition of the assessments imposed
34 under ORS 656.612 upon a foreign or alien insurer.

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

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

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

43 “(a) No county, city, district, or other political subdivision or agency in this state shall so reg-
44 ulate, or shall levy upon insurers, or upon their insurance producers and representatives as such,
45 any such tax, license or fee; except that whenever a county, city, district or other political subdi-

1 vision levies or imposes generally on a nondiscriminatory basis throughout the jurisdiction of the
2 taxing authority a payroll, excise or income tax, as otherwise provided by law, such tax may be
3 levied or imposed upon domestic insurers; and

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

8 “**SECTION 15.** ORS 291.055 is amended to read:

9 “291.055. (1) Notwithstanding any other law that grants to a state agency the authority to es-
10 tablish fees, all new state agency fees or fee increases adopted during the period beginning on the
11 date of adjournment sine die of a regular session of the Legislative Assembly and ending on the date
12 of adjournment sine die of the next regular session of the Legislative Assembly:

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

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

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

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

21 “(e) Are rescinded on adjournment sine die of the next regular session of the Legislative As-
22 sembly as described in this subsection, unless otherwise authorized by enabling legislation setting
23 forth the approved fees.

24 “(2) This section does not apply to:

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

26 “(b) Taxes or other payments made or collected from employers for unemployment insurance
27 required by ORS chapter 657 or premium assessments required by ORS 656.612 and 656.614 or con-
28 tributions and assessments calculated by cents per hour for workers’ compensation coverage re-
29 quired by ORS 656.506.

30 “(c) Fees or payments required for:

31 “(A) Health care services provided by the Oregon Health and Science University, by the Oregon
32 Veterans’ Homes and by other state agencies and institutions pursuant to ORS 179.610 to 179.770.

33 “(B) Assessments imposed by the Oregon Medical Insurance Pool Board under section 2, chapter
34 698, Oregon Laws 2013.

35 “(C) Copayments and premiums paid to the Oregon medical assistance program.

36 “**(D) Assessments paid to the Department of Consumer and Business Services under**
37 **sections 3 and 5 of this 2017 Act.**

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

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

42 “(f) Any intergovernmental charges.

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

45 “(h) State Department of Energy assessments required by ORS 469.421 (8) and 469.681.

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

5 “(j) Public Utility Commission operating assessments required by ORS 756.310 or charges paid
6 to 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) Convenience fees as defined in ORS 182.126 and established by the State Chief Information
14 Officer under ORS 182.132 (3) and recommended by the Electronic Government Portal Advisory
15 Board.

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

20 “(A) The reason for the fee decrease; and

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

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

25 “**SECTION 16.** ORS 291.055, as amended by section 36, chapter 698, Oregon Laws 2013, section
26 20, chapter 70, Oregon Laws 2015, and section 44b, chapter 807, Oregon Laws 2015, is amended to
27 read:

28 “291.055. (1) Notwithstanding any other law that grants to a state agency the authority to es-
29 tablish fees, all new state agency fees or fee increases adopted during the period beginning on the
30 date of adjournment sine die of a regular session of the Legislative Assembly and ending on the date
31 of adjournment sine die of the next regular session of the Legislative Assembly:

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

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

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

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

40 “(e) Are rescinded on adjournment sine die of the next regular session of the Legislative As-
41 sembly as described in this subsection, unless otherwise authorized by enabling legislation setting
42 forth the approved fees.

43 “(2) This section does not apply to:

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

45 “(b) Taxes or other payments made or collected from employers for unemployment insurance

1 required by ORS chapter 657 or premium assessments required by ORS 656.612 and 656.614 or con-
2 tributions and assessments calculated by cents per hour for workers' compensation coverage re-
3 quired by ORS 656.506.

4 "(c) Fees or payments required for:

5 "(A) Health care services provided by the Oregon Health and Science University, by the Oregon
6 Veterans' Homes and by other state agencies and institutions pursuant to ORS 179.610 to 179.770.

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

8 "**(C) Assessments paid to the Department of Consumer and Business Services under**
9 **sections 3 and 5 of this 2017 Act.**

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

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

14 "(f) Any intergovernmental charges.

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

17 "(h) State Department of Energy assessments required by ORS 469.421 (8) and 469.681.

18 "(i) Assessments on premiums charged by the Department of Consumer and Business Services
19 pursuant to ORS 731.804 or fees charged by the Division of Finance and Corporate Securities of the
20 Department of Consumer and Business Services to banks, trusts and credit unions pursuant to ORS
21 706.530 and 723.114.

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

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

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

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

30 "(n) Convenience fees as defined in ORS 182.126 and established by the State Chief Information
31 Officer under ORS 182.132 (3) and recommended by the Electronic Government Portal Advisory
32 Board.

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

37 "(A) The reason for the fee decrease; and

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

39 "(b) Fees that are decreased for reasons other than those described in paragraph (a) of this
40 subsection may not be subsequently increased except as allowed by ORS 291.050 to 291.060 and
41 294.160.

42
43 **"OREGON REINSURANCE PROGRAM**

44
45 **"SECTION 17. Sections 18 to 21 of this 2017 Act are added to and made a part of the In-**

1 **urance Code.**

2 **“SECTION 18.** The Oregon Reinsurance Program is established in the Department of
3 **Consumer and Business Services for the purposes of stabilizing the rates and premiums for**
4 **individual health benefit plans and providing greater financial certainty to consumers of**
5 **health insurance in this state.**

6 **“SECTION 19.** (1) As used in this section:

7 **“(a) ‘Attachment point’ means the threshold dollar amount, adopted by the Department**
8 **of Consumer and Business Services by rule, for claims costs incurred by a reinsurance eli-**
9 **gible health benefit plan for an insured individual’s covered benefits in a benefit year, after**
10 **which threshold the claims costs for the benefits are eligible for reinsurance payments.**

11 **“(b) ‘Coinsurance rate’ means the rate, adopted by the department by rule, at which the**
12 **department will reimburse a reinsurance eligible health benefit plan for claims costs incurred**
13 **for an insured individual’s covered benefits in a benefit year after the attachment point and**
14 **before the reinsurance cap.**

15 **“(c) ‘Health benefit plan’ has the meaning given that term in ORS 743B.005.**

16 **“(d) ‘Reinsurance cap’ means the threshold dollar amount, adopted by the department**
17 **by rule, for claims costs incurred by a reinsurance eligible health benefit plan for an insured**
18 **individual’s covered benefits in a benefit year, after which threshold the claims costs for the**
19 **benefits are no longer eligible for state reinsurance payments.**

20 **“(e) ‘Reinsurance eligible health benefit plan’ means a health benefit plan providing indi-**
21 **vidual coverage that:**

22 **“(A) Is delivered or issued for delivery in this state; and**

23 **“(B) Is not a grandfathered health plan as defined in ORS 743B.005.**

24 **“(f) ‘Reinsurance eligible individual’ means an individual who is insured in a reinsurance**
25 **eligible health benefit plan on or after January 1, 2018.**

26 **“(2) An issuer of a reinsurance eligible health benefit plan becomes eligible for a rein-**
27 **surance payment when the claims costs for a reinsurance eligible individual’s covered bene-**
28 **fits in a calendar year exceed the attachment point. The amount of the payment shall be the**
29 **product of the coinsurance rate and the issuer’s claims costs for the reinsurance eligible**
30 **individual that exceed the attachment point, up to the reinsurance cap.**

31 **“(3) After the department adopts by rule the attachment point, reinsurance cap or**
32 **coinsurance rate, the department may not:**

33 **“(a) Change the attachment point or the reinsurance cap during that benefit year; or**

34 **“(b) Increase the coinsurance rate during the benefit year.**

35 **“(4) The department may adopt rules necessary to carry out the provisions of this section**
36 **including, but not limited to, rules prescribing:**

37 **“(a) The amount, manner and frequency of reinsurance payments; and**

38 **“(b) Reporting requirements for issuers of reinsurance eligible health benefit plans.**

39 **“SECTION 20.** (1) As used in this section:

40 **“(a) ‘Health benefit plan’ has the meaning given that term in ORS 743B.005.**

41 **“(b) ‘Oregon Reinsurance Program’ means the program established in section 18 of this**
42 **2017 Act.**

43 **“(c) ‘Reinsurance eligible individual’ has the meaning given that term in section 19 of this**
44 **2017 Act.**

45 **“(2) An insurer that offers a health benefit plan must report to the Department of Con-**

1 **sumer and Business Services, in the form and manner prescribed by the department by rule,**
2 **information about reinsurance eligible individuals insured by the health benefit plan as nec-**
3 **essary for the department to calculate reinsurance payments under the Oregon Reinsurance**
4 **Program.**

5 **“SECTION 21. In a rate filing under ORS 743.018, an insurer must identify the impact of**
6 **reinsurance payments under section 19 of this 2017 Act on projected claims costs and in the**
7 **development of rates.**

8 **“SECTION 22. The Oregon Reinsurance Program established in section 18 of this 2017**
9 **Act shall be exempt from any and all taxes assessed by the State of Oregon.**

10 **“SECTION 23. ORS 731.509, as amended by section 35, chapter 698, Oregon Laws 2013, is**
11 **amended to read:**

12 “731.509. (1) The purpose of ORS 731.509, 731.510, 731.511, 731.512 and 731.516 is to protect the
13 interests of insureds, claimants, ceding insurers, assuming insurers and the public generally. The
14 Legislative Assembly declares that its intent is to ensure adequate regulation of insurers and re-
15 insurers and adequate protection for those to whom they owe obligations. In furtherance of that
16 state interest, the Legislative Assembly mandates that upon the insolvency of an alien insurer or
17 reinsurer that provides security to fund its United States obligations in accordance with ORS
18 731.509, 731.510, 731.511, 731.512 and 731.516, the assets representing the security shall be main-
19 tained in the United States and claims shall be filed with and valued by the state insurance com-
20 missioner with regulatory oversight, and the assets shall be distributed in accordance with the
21 insurance laws of the state in which the trust is domiciled that are applicable to the liquidation of
22 domestic United States insurers. The Legislative Assembly declares that the laws contained in ORS
23 731.509, 731.510, 731.511, 731.512 and 731.516 are fundamental to the business of insurance in ac-
24 cordance with 15 U.S.C. 1011 and 1012.

25 “(2) The Director of the Department of Consumer and Business Services shall not allow credit
26 for reinsurance to a domestic ceding insurer as either an asset or a reduction from liability on ac-
27 count of reinsurance ceded unless credit is allowed as provided under ORS 731.508 and unless the
28 reinsurer meets the requirements of:

29 “(a) Subsection (3) of this section;

30 “(b) Subsection (4) of this section;

31 “(c) Subsections (5) and (8) of this section;

32 “(d) Subsections (6) and (8) of this section; [or]

33 “(e) Subsection (7) of this section[.]; **or**

34 **“(f) Subsection (9) of this section.**

35 “(3) Credit shall be allowed when the reinsurance is ceded to an authorized assuming insurer
36 that accepts reinsurance of risks, and retains risk thereon within such limits, as the assuming
37 insurer is otherwise authorized to insure in this state as provided in ORS 731.508.

38 “(4) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that is ac-
39 credited as a reinsurer in this state as provided in ORS 731.511. The director shall not allow credit
40 to a domestic ceding insurer if the accreditation of the assuming insurer has been revoked by the
41 director after notice and opportunity for hearing.

42 “(5) Credit shall be allowed when the reinsurance is ceded to a foreign assuming insurer or a
43 United States branch of an alien assuming insurer meeting all of the following requirements:

44 “(a) The foreign assuming insurer must be domiciled in a state employing standards regarding
45 credit for reinsurance that equal or exceed the standards applicable under this section. The United

1 States branch of an alien assuming insurer must be entered through a state employing such stan-
2 dards.

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

7 “(c) The foreign assuming insurer or United States branch of an alien assuming insurer must
8 submit to the authority of the director to examine its books and records.

9 “(6) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that main-
10 tains a trust fund meeting the requirements of this subsection and additionally complies with other
11 requirements of this subsection. The trust fund must be maintained in a qualified United States fi-
12 nancial institution, as defined in ORS 731.510 (1), for the payment of the valid claims of its United
13 States policyholders and ceding insurers and their assigns and successors in interest. The assuming
14 insurer must report annually to the director information substantially the same as that required to
15 be reported on the annual statement form by ORS 731.574 by authorized insurers, in order to enable
16 the director to determine the sufficiency of the trust fund. The following requirements apply to such
17 a trust fund:

18 “(a) In the case of a single assuming insurer, the trust fund must consist of funds in trust in an
19 amount not less than the assuming insurer’s liabilities attributable to reinsurance ceded by United
20 States ceding insurers. In addition, the assuming insurer must maintain a trustee surplus of not less
21 than \$20,000,000.

22 “(b) In the case of a group including incorporated and individual unincorporated underwriters:

23 “(A) For reinsurance ceded under reinsurance agreements with an inception, amendment or re-
24 newal date on or after August 1, 1995, the trust shall consist of a trustee account in an amount
25 not less than the group’s several liabilities attributable to business ceded by United States domiciled
26 ceding insurers to any member of the group.

27 “(B) For reinsurance ceded under reinsurance agreements with an inception date on or before
28 July 31, 1995, and not amended or renewed after that date, notwithstanding the other provisions of
29 ORS 731.509, 731.510, 731.511, 731.512 and 731.516, the trust shall consist of a trustee account in
30 an amount not less than the group’s several insurance and reinsurance liabilities attributable to
31 business written in the United States.

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

36 “(D) The incorporated members of the group shall not be engaged in any business other than
37 underwriting as a member of the group and shall be subject to the same level of regulation and
38 solvency control by the group’s domiciliary regulator as are the unincorporated members.

39 “(E) Within 90 days after the group’s financial statements are due to be filed with the group’s
40 domiciliary regulator, the group shall provide to the director an annual certification by the group’s
41 domiciliary regulator of the solvency of each underwriter member or, if certification is unavailable,
42 financial statements of each underwriter member of the group prepared by independent certified
43 public accountants.

44 “(c) In the case of a group of incorporated insurers described in this paragraph, the trust must
45 be in an amount equal to the group’s several liabilities attributable to business ceded by United

1 States ceding insurers to any member of the group pursuant to reinsurance contracts issued in the
2 name of the group. This paragraph applies to a group of incorporated insurers under common ad-
3 ministration that complies with the annual reporting requirements contained in this subsection and
4 that has continuously transacted an insurance business outside the United States for at least three
5 years immediately prior to making application for accreditation. Such a group must have an aggre-
6 gate policyholders' surplus of \$10,000,000,000 and must submit to the authority of this state to ex-
7 amine its books and records and bear the expense of the examination. The group shall also maintain
8 a joint trusteed surplus of which \$100,000,000 must be held jointly for the benefit of United States
9 ceding insurers of any member of the group as additional security for any such liabilities. Each
10 member of the group shall make available to the director an annual certification of the member's
11 solvency by the member's domiciliary regulator and its independent certified public accountant.

12 “(d) The form of the trust and any amendment to the trust shall have been approved by the in-
13 surance commissioner of the state in which the trust is domiciled or by the insurance commissioner
14 of another state who, pursuant to the terms of the trust instrument, has accepted principal regula-
15 tory oversight of the trust.

16 “(e) The form of the trust and any trust amendments also shall be filed with the insurance
17 commissioner of every state in which the ceding insurer beneficiaries of the trust are domiciled.
18 The trust instrument must provide that contested claims shall be valid and enforceable upon the
19 final order of any court of competent jurisdiction in the United States. The trust must vest legal title
20 to its assets in its trustees for the benefit of the assuming insurer's United States ceding insurers
21 and their assigns and successors in interest. The trust and the assuming insurer are subject to ex-
22 amination as determined by the director. The trust must remain in effect for as long as the assuming
23 insurer has outstanding obligations due under the reinsurance agreements subject to the trust.

24 “(f) Not later than March 1 of each year, the trustees of each trust shall report to the director
25 in writing the balance of the trust and listing the trust's investments at the preceding year end, and
26 shall certify the date of termination of the trust, if so planned, or certify that the trust will not
27 expire prior to the following December 31.

28 “(7) Credit shall be allowed when the reinsurance is ceded to an assuming insurer not meeting
29 the requirements of subsection (3), (4), (5) or (6) of this section, but only as to the insurance of risks
30 located in jurisdictions in which the reinsurance is required by applicable law or regulation of that
31 jurisdiction.

32 “(8) If the assuming insurer is not authorized to transact insurance in this state or accredited
33 as a reinsurer in this state, the director shall not allow the credit permitted by subsections (5) and
34 (6) of this section unless the assuming insurer agrees in the reinsurance agreement to the provisions
35 stated in this subsection. This subsection is not intended to conflict with or override the obligation
36 of the parties to a reinsurance agreement to arbitrate their disputes, if such an obligation is created
37 in the agreement. The assuming insurer must agree in the reinsurance agreement:

38 “(a) That in the event of the failure of the assuming insurer to perform its obligations under the
39 terms of the reinsurance agreement, the assuming insurer, at the request of the ceding insurer, shall
40 submit to the jurisdiction of any court of competent jurisdiction in any state of the United States,
41 will comply with all requirements necessary to give the court jurisdiction and will abide by the final
42 decision of the court or of any appellate court in the event of an appeal; and

43 “(b) To designate the director or a designated attorney as its true and lawful attorney upon
44 whom any lawful process in any action, suit or proceeding instituted by or on behalf of the ceding
45 company may be served.

1 “(9) Credit shall be allowed when the reinsurance is ceded to the Oregon Reinsurance
2 Program established in section 18 of this 2017 Act.

3 “[9] (10) If the assuming insurer does not meet the requirements of subsection (3), (4) or (5)
4 of this section, the credit permitted by subsection (6) of this section shall not be allowed unless the
5 assuming insurer agrees in the trust agreements to the following conditions:

6 “(a) Notwithstanding any other provisions in the trust instrument, if the trust fund is inadequate
7 because it contains an amount less than the applicable amount required by subsection (6)(a), (b) or
8 (c) of this section, or if the grantor of the trust has been declared insolvent or placed into
9 receivership, rehabilitation, liquidation or similar proceedings under the laws of the grantor’s state
10 or country of domicile, the trustee shall comply with an order of the insurance commissioner with
11 regulatory oversight over the trust or with an order of a court of competent jurisdiction directing
12 the trustee to transfer to the insurance commissioner with regulatory oversight all the assets of the
13 trust fund.

14 “(b) The assets shall be distributed by and claims shall be filed with and valued by the insurance
15 commissioner with regulatory oversight in accordance with the laws of the state in which the trust
16 is domiciled that are applicable to the liquidation of domestic insurance companies.

17 “(c) If the insurance commissioner with regulatory oversight determines that the assets of the
18 trust fund or any part thereof are not necessary to satisfy the claims of the United States ceding
19 insurers of the grantor of the trust, the assets or part thereof shall be returned by the insurance
20 commissioner according to the laws of that state and according to the terms of the trust agreement
21 not inconsistent with the laws of that state.

22 “(d) The grantor shall waive any right otherwise available to it under United States law that
23 is inconsistent with this subsection.

24 “**SECTION 24.** Section 2, chapter 26, Oregon Laws 2016, is amended to read:

25 “**Sec. 2.** [(1) Subject to subsection (2) of this section,] The Department of Consumer and Business
26 Services shall have sole authority to apply for a waiver for state innovation under 42 U.S.C. 18052.
27 [In developing an application for a waiver, the department shall convene an advisory group to advise
28 and assist the department in identifying federal provisions subject to waiver that are expected to im-
29 prove the delivery of quality health care to residents of this state including, but not limited to, alter-
30 native approaches for achieving the objectives of the Basic Health Program as described in section 1
31 (4) of this 2016 Act.] **The department shall apply for a waiver to receive funding to implement**
32 **the Oregon Reinsurance Program established in section 18 of this 2017 Act.**

33 “[2] The department may not submit an application for a waiver to the United States Secretary
34 of Health and Human Services or Secretary of the Treasury until the department has presented the
35 proposed application for a waiver to the committees of the Legislative Assembly related to health and
36 to the Legislative Assembly as specified in subsection (3) of this section.]

37 “[3] Not later than March 1, 2017, the department shall report to the Legislative Assembly, in the
38 manner provided in ORS 192.245, its recommendations for submitting an application for a waiver un-
39 der 42 U.S.C. 18052.]

40 “**SECTION 25.** ORS 731.509, as amended by section 35, chapter 698, Oregon Laws 2013, and
41 section 23 of this 2017 Act, is amended to read:

42 “731.509. (1) The purpose of ORS 731.509, 731.510, 731.511, 731.512 and 731.516 is to protect the
43 interests of insureds, claimants, ceding insurers, assuming insurers and the public generally. The
44 Legislative Assembly declares that its intent is to ensure adequate regulation of insurers and re-
45 insurers and adequate protection for those to whom they owe obligations. In furtherance of that

1 state interest, the Legislative Assembly mandates that upon the insolvency of an alien insurer or
2 reinsurer that provides security to fund its United States obligations in accordance with ORS
3 731.509, 731.510, 731.511, 731.512 and 731.516, the assets representing the security shall be main-
4 tained in the United States and claims shall be filed with and valued by the state insurance com-
5 missioner with regulatory oversight, and the assets shall be distributed in accordance with the
6 insurance laws of the state in which the trust is domiciled that are applicable to the liquidation of
7 domestic United States insurers. The Legislative Assembly declares that the laws contained in ORS
8 731.509, 731.510, 731.511, 731.512 and 731.516 are fundamental to the business of insurance in ac-
9 cordance with 15 U.S.C. 1011 and 1012.

10 “(2) The Director of the Department of Consumer and Business Services shall not allow credit
11 for reinsurance to a domestic ceding insurer as either an asset or a reduction from liability on ac-
12 count of reinsurance ceded unless credit is allowed as provided under ORS 731.508 and unless the
13 reinsurer meets the requirements of:

14 “(a) Subsection (3) of this section;

15 “(b) Subsection (4) of this section;

16 “(c) Subsections (5) and (8) of this section;

17 “(d) Subsections (6) and (8) of this section; **or**

18 “(e) Subsection (7) of this section.[: or]

19 “[*f*] Subsection (9) of this section.]

20 “(3) Credit shall be allowed when the reinsurance is ceded to an authorized assuming insurer
21 that accepts reinsurance of risks, and retains risk thereon within such limits, as the assuming
22 insurer is otherwise authorized to insure in this state as provided in ORS 731.508.

23 “(4) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that is ac-
24 credited as a reinsurer in this state as provided in ORS 731.511. The director shall not allow credit
25 to a domestic ceding insurer if the accreditation of the assuming insurer has been revoked by the
26 director after notice and opportunity for hearing.

27 “(5) Credit shall be allowed when the reinsurance is ceded to a foreign assuming insurer or a
28 United States branch of an alien assuming insurer meeting all of the following requirements:

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

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

37 “(c) The foreign assuming insurer or United States branch of an alien assuming insurer must
38 submit to the authority of the director to examine its books and records.

39 “(6) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that main-
40 tains a trust fund meeting the requirements of this subsection and additionally complies with other
41 requirements of this subsection. The trust fund must be maintained in a qualified United States fi-
42 nancial institution, as defined in ORS 731.510 (1), for the payment of the valid claims of its United
43 States policyholders and ceding insurers and their assigns and successors in interest. The assuming
44 insurer must report annually to the director information substantially the same as that required to
45 be reported on the annual statement form by ORS 731.574 by authorized insurers, in order to enable

1 the director to determine the sufficiency of the trust fund. The following requirements apply to such
2 a trust fund:

3 “(a) In the case of a single assuming insurer, the trust fund must consist of funds in trust in an
4 amount not less than the assuming insurer’s liabilities attributable to reinsurance ceded by United
5 States ceding insurers. In addition, the assuming insurer must maintain a trustee surplus of not less
6 than \$20,000,000.

7 “(b) In the case of a group including incorporated and individual unincorporated underwriters:

8 “(A) For reinsurance ceded under reinsurance agreements with an inception, amendment or re-
9 newal date on or after August 1, 1995, the trust shall consist of a trustee account in an amount
10 not less than the group’s several liabilities attributable to business ceded by United States domiciled
11 ceding insurers to any member of the group.

12 “(B) For reinsurance ceded under reinsurance agreements with an inception date on or before
13 July 31, 1995, and not amended or renewed after that date, notwithstanding the other provisions of
14 ORS 731.509, 731.510, 731.511, 731.512 and 731.516, the trust shall consist of a trustee account in
15 an amount not less than the group’s several insurance and reinsurance liabilities attributable to
16 business written in the United States.

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

21 “(D) The incorporated members of the group shall not be engaged in any business other than
22 underwriting as a member of the group and shall be subject to the same level of regulation and
23 solvency control by the group’s domiciliary regulator as are the unincorporated members.

24 “(E) Within 90 days after the group’s financial statements are due to be filed with the group’s
25 domiciliary regulator, the group shall provide to the director an annual certification by the group’s
26 domiciliary regulator of the solvency of each underwriter member or, if certification is unavailable,
27 financial statements of each underwriter member of the group prepared by independent certified
28 public accountants.

29 “(c) In the case of a group of incorporated insurers described in this paragraph, the trust must
30 be in an amount equal to the group’s several liabilities attributable to business ceded by United
31 States ceding insurers to any member of the group pursuant to reinsurance contracts issued in the
32 name of the group. This paragraph applies to a group of incorporated insurers under common ad-
33 ministration that complies with the annual reporting requirements contained in this subsection and
34 that has continuously transacted an insurance business outside the United States for at least three
35 years immediately prior to making application for accreditation. Such a group must have an aggre-
36 gate policyholders’ surplus of \$10,000,000,000 and must submit to the authority of this state to ex-
37 amine its books and records and bear the expense of the examination. The group shall also maintain
38 a joint trustee surplus of which \$100,000,000 must be held jointly for the benefit of United States
39 ceding insurers of any member of the group as additional security for any such liabilities. Each
40 member of the group shall make available to the director an annual certification of the member’s
41 solvency by the member’s domiciliary regulator and its independent certified public accountant.

42 “(d) The form of the trust and any amendment to the trust shall have been approved by the in-
43 surance commissioner of the state in which the trust is domiciled or by the insurance commissioner
44 of another state who, pursuant to the terms of the trust instrument, has accepted principal regula-
45 tory oversight of the trust.

1 “(e) The form of the trust and any trust amendments also shall be filed with the insurance
2 commissioner of every state in which the ceding insurer beneficiaries of the trust are domiciled.
3 The trust instrument must provide that contested claims shall be valid and enforceable upon the
4 final order of any court of competent jurisdiction in the United States. The trust must vest legal title
5 to its assets in its trustees for the benefit of the assuming insurer’s United States ceding insurers
6 and their assigns and successors in interest. The trust and the assuming insurer are subject to ex-
7 amination as determined by the director. The trust must remain in effect for as long as the assuming
8 insurer has outstanding obligations due under the reinsurance agreements subject to the trust.

9 “(f) Not later than March 1 of each year, the trustees of each trust shall report to the director
10 in writing the balance of the trust and listing the trust’s investments at the preceding year end, and
11 shall certify the date of termination of the trust, if so planned, or certify that the trust will not
12 expire prior to the following December 31.

13 “(7) Credit shall be allowed when the reinsurance is ceded to an assuming insurer not meeting
14 the requirements of subsection (3), (4), (5) or (6) of this section, but only as to the insurance of risks
15 located in jurisdictions in which the reinsurance is required by applicable law or regulation of that
16 jurisdiction.

17 “(8) If the assuming insurer is not authorized to transact insurance in this state or accredited
18 as a reinsurer in this state, the director shall not allow the credit permitted by subsections (5) and
19 (6) of this section unless the assuming insurer agrees in the reinsurance agreement to the provisions
20 stated in this subsection. This subsection is not intended to conflict with or override the obligation
21 of the parties to a reinsurance agreement to arbitrate their disputes, if such an obligation is created
22 in the agreement. The assuming insurer must agree in the reinsurance agreement:

23 “(a) That in the event of the failure of the assuming insurer to perform its obligations under the
24 terms of the reinsurance agreement, the assuming insurer, at the request of the ceding insurer, shall
25 submit to the jurisdiction of any court of competent jurisdiction in any state of the United States,
26 will comply with all requirements necessary to give the court jurisdiction and will abide by the final
27 decision of the court or of any appellate court in the event of an appeal; and

28 “(b) To designate the director or a designated attorney as its true and lawful attorney upon
29 whom any lawful process in any action, suit or proceeding instituted by or on behalf of the ceding
30 company may be served.

31 “[9] *Credit shall be allowed when the reinsurance is ceded to the Oregon Reinsurance Program*
32 *established in section 18 of this 2017 Act.*]

33 “[10] (9) If the assuming insurer does not meet the requirements of subsection (3), (4) or (5)
34 of this section, the credit permitted by subsection (6) of this section shall not be allowed unless the
35 assuming insurer agrees in the trust agreements to the following conditions:

36 “(a) Notwithstanding any other provisions in the trust instrument, if the trust fund is inadequate
37 because it contains an amount less than the applicable amount required by subsection (6)(a), (b) or
38 (c) of this section, or if the grantor of the trust has been declared insolvent or placed into
39 receivership, rehabilitation, liquidation or similar proceedings under the laws of the grantor’s state
40 or country of domicile, the trustee shall comply with an order of the insurance commissioner with
41 regulatory oversight over the trust or with an order of a court of competent jurisdiction directing
42 the trustee to transfer to the insurance commissioner with regulatory oversight all the assets of the
43 trust fund.

44 “(b) The assets shall be distributed by and claims shall be filed with and valued by the insurance
45 commissioner with regulatory oversight in accordance with the laws of the state in which the trust

1 is domiciled that are applicable to the liquidation of domestic insurance companies.

2 “(c) If the insurance commissioner with regulatory oversight determines that the assets of the
3 trust fund or any part thereof are not necessary to satisfy the claims of the United States ceding
4 insurers of the grantor of the trust, the assets or part thereof shall be returned by the insurance
5 commissioner according to the laws of that state and according to the terms of the trust agreement
6 not inconsistent with the laws of that state.

7 “(d) The grantor shall waive any right otherwise available to it under United States law that
8 is inconsistent with this subsection.

9
10 **“HOSPITAL ASSESSMENT**

11
12 **“SECTION 26.** Section 1, chapter 736, Oregon Laws 2003, as amended by section 34, chapter
13 792, Oregon Laws 2009, is amended to read:

14 **“Sec. 1.** As used in sections 1 to 9, chapter 736, Oregon Laws 2003:

15 “(1) ‘Charity care’ means costs for providing inpatient or outpatient care services free of charge
16 or at a reduced charge because of the indigence or lack of health insurance of the patient receiving
17 the care services.

18 “(2) ‘Contractual adjustments’ means the difference between the amounts charged based on the
19 hospital’s full established charges and the amount received or due from the payor.

20 “(3)(a) ‘Hospital’ [*has the meaning given that term in ORS 442.015*] **means a hospital licensed**
21 **under ORS chapter 441.**

22 **“(b) ‘Hospital’ does not include:**

23 **“(A) Special inpatient care facilities[.];**

24 **“(B) Hospitals that provide only psychiatric care;**

25 **“(C) Pediatric specialty hospitals providing care to children at no charge; and**

26 **“(D) Public hospitals other than hospitals created by health districts under ORS 440.315**
27 **to 440.410.**

28 “(4) ‘Net revenue’:

29 “(a) Means the total amount of charges for inpatient or outpatient care provided by the hospital
30 to patients, less charity care, bad debts and contractual adjustments;

31 “(b) Does not include revenue derived from sources other than inpatient or outpatient oper-
32 ations, including but not limited to interest and guest meals; and

33 “(c) Does not include any revenue that is taken into account in computing a long term care fa-
34 cility assessment under sections 15 to 22, **24 and 29**, chapter 736, Oregon Laws 2003.

35 “[*(5) ‘Waivered hospital’ means a type A or type B hospital, as described in ORS 442.470, a hos-*
36 *pital that provides only psychiatric care or a hospital identified by the Department of Human Services*
37 *as appropriate for inclusion in the application described in section 4, chapter 736, Oregon Laws*
38 *2003.*]

39 **“(5) ‘Type A hospital’ has the meaning given that term in ORS 442.470.**

40 **“(6) ‘Type B hospital’ has the meaning given that term in ORS 442.470.**

41 **“SECTION 27.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,
42 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws
43 2009, section 2, chapter 608, Oregon Laws 2013, and section 1, chapter 16, Oregon Laws 2015, is
44 amended to read:

45 **“Sec. 2.** (1) An assessment is imposed on the net revenue of each hospital in this state that is

1 not a waived hospital. The assessment shall be imposed at a rate determined by the Director of
2 the Oregon Health Authority by rule that is the director's best estimate of the rate needed to fund
3 the services and costs identified in section 9, chapter 736, Oregon Laws 2003. The rate of assessment
4 shall be imposed on the net revenue of each hospital subject to assessment. The director shall con-
5 sult with representatives of hospitals before setting the assessment.

6 **“(2) In addition to the assessment imposed by subsection (1) of this section, an assess-
7 ment of 0.7 percent is imposed on the net revenue of each hospital in this state that is not
8 a waived hospital.**

9 “[2)] (3) The assessment shall be reported on a form prescribed by the Oregon Health Authority
10 and shall contain the information required to be reported by the authority. The assessment form
11 shall be filed with the authority on or before the 75th day following the end of the calendar quarter
12 for which the assessment is being reported. Except as provided in subsection [(6)] (7) of this section,
13 the hospital shall pay the assessment at the time the hospital files the assessment report. The pay-
14 ment shall accompany the report.

15 “[3)(a)] (4)(a) To the extent permitted by federal law, [aggregate] assessments imposed under
16 **subsection (1) of this section** may not exceed the **lesser of:**

17 **“(A) A rate of 5.3 percent; or**

18 **“(B) In the aggregate, the** total of the following amounts received by the hospitals that are
19 reimbursed by Medicare based on diagnostic related groups:

20 “[A)] (i) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority
21 for inpatient hospital services;

22 “[B)] (ii) 41 percent of payments made to the hospitals on a fee-for-service basis by the au-
23 thority for outpatient hospital services; and

24 “[C)] (iii) Payments made to the hospitals using a payment methodology established by the au-
25 thority that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery
26 System described in ORS 414.620 (3).

27 “(b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed **under**
28 **subsection (1) of this section** on or after July 1, 2015, may exceed the total of the amounts de-
29 scribed in paragraph (a) of this subsection to the extent necessary to compensate for any reduction
30 of funding in the legislatively adopted budget for hospital services under ORS 414.631, 414.651 and
31 414.688 to 414.745.

32 “[4)] (5) Notwithstanding subsection [(3)] (4) of this section, a hospital is not guaranteed that
33 any additional moneys paid to the hospital in the form of payments for services shall equal or exceed
34 the amount of the assessment paid by the hospital.

35 “[5)] (6) Hospitals operated by the United States Department of Veterans Affairs and pediatric
36 specialty hospitals providing care to children at no charge are exempt from the assessment imposed
37 under this section.

38 “[6)(a)] (7)(a) The authority shall develop a schedule for collection of the assessment for the
39 calendar quarter ending September 30, 2019, that will result in the collection occurring between
40 December 15, 2019, and the time all Medicaid cost settlements are finalized for that calendar quar-
41 ter.

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

43 **“SECTION 28.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,
44 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws
45 2009, section 2, chapter 608, Oregon Laws 2013, and section 1, chapter 16, Oregon Laws 2015, and

1 section 27 of this 2017 Act, is amended to read:

2 “**Sec. 2.** (1) An assessment is imposed on the net revenue of each hospital in this state [*that is*
3 *not a waived hospital*]. The assessment shall be imposed at a rate determined by the Director of
4 the Oregon Health Authority by rule that is the director’s best estimate of the rate needed to fund
5 the services and costs identified in section 9, chapter 736, Oregon Laws 2003. The rate of assessment
6 shall be imposed on the net revenue of each hospital subject to assessment. The director shall con-
7 sult with representatives of hospitals before setting the assessment.

8 “(2) In addition to the assessment imposed by subsection (1) of this section, an assessment of 0.7
9 percent is imposed on the net revenue of each hospital in this state that is not a [*waived*
10 *hospital*] **type A hospital or type B hospital.**

11 “(3) [*The*] **Each** assessment shall be reported on a form prescribed by the Oregon Health Au-
12 thority and shall contain the information required to be reported by the authority. The assessment
13 form shall be filed with the authority on or before the [*75th*] **45th** day following the end of the cal-
14 endar quarter for which the assessment is being reported. Except as provided in subsection [(7)] **(6)**
15 of this section, the hospital shall pay the assessment at the time the hospital files the assessment
16 report. The payment shall accompany the report.

17 “(4)(a) To the extent permitted by federal law, assessments imposed under subsection (1) of this
18 section may not exceed the lesser of:

19 “(A) A rate of 5.3 percent; or

20 “(B) In the aggregate, the total of the following amounts received by the hospitals that are re-
21 imbursed by Medicare based on diagnostic related groups:

22 “(i) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority for
23 inpatient hospital services;

24 “(ii) 41 percent of payments made to the hospitals on a fee-for-service basis by the authority for
25 outpatient hospital services; and

26 “(iii) Payments made to the hospitals using a payment methodology established by the authority
27 that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery System
28 described in ORS 414.620 (3).

29 “(b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed under
30 subsection (1) of this section on or after July 1, 2015, may exceed the total of the amounts described
31 in paragraph (a) of this subsection to the extent necessary to compensate for any reduction of
32 funding in the legislatively adopted budget for hospital services under ORS 414.631, 414.651 and
33 414.688 to 414.745.

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

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

39 “[*6*] *Hospitals operated by the United States Department of Veterans Affairs and pediatric spe-*
40 *cialty hospitals providing care to children at no charge are exempt from the assessment imposed under*
41 *this section.*]

42 “[*7*](a) **(6)(a)** The authority shall develop a schedule for collection of the assessment for the
43 calendar quarter ending September 30, [*2019*] **2021**, that will result in the collection occurring be-
44 tween December 15, [*2019*] **2021**, and the time all Medicaid cost settlements are finalized for that
45 calendar quarter.

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

2 “**SECTION 29.** Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780,
3 Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws
4 2009, section 2, chapter 608, Oregon Laws 2013, and section 1, chapter 16, Oregon Laws 2015, and
5 sections 27 and 28 of this 2017 Act, is amended to read:

6 “**Sec. 2.** (1) An assessment is imposed on the net revenue of each hospital in this state. The
7 assessment shall be imposed at a rate determined by the Director of the Oregon Health Authority
8 by rule that is the director’s best estimate of the rate needed to fund the services and costs identi-
9 fied in section 9, chapter 736, Oregon Laws 2003. The rate of assessment shall be imposed on the
10 net revenue of each hospital subject to assessment. The director shall consult with representatives
11 of hospitals before setting the assessment.

12 “[2] *In addition to the assessment imposed by subsection (1) of this section, an assessment of 0.7*
13 *percent is imposed on the net revenue of each hospital in this state that is not a type A hospital or type*
14 *B hospital.*]

15 “[3] (2) Each assessment shall be reported on a form prescribed by the Oregon Health Au-
16 thority and shall contain the information required to be reported by the authority. The assessment
17 form shall be filed with the authority on or before the 45th day following the end of the calendar
18 quarter for which the assessment is being reported. Except as provided in subsection [(6)] (5) of this
19 section, the hospital shall pay the assessment at the time the hospital files the assessment report.
20 The payment shall accompany the report.

21 “[4)(a)] (3)(a) To the extent permitted by federal law, **aggregate** assessments imposed under
22 [subsection (1) of] this section may not exceed [the lesser of:]

23 “[A] A rate of 5.3 percent; or

24 “[B] *In the aggregate,*] the total of the following amounts received by the hospitals that are
25 reimbursed by Medicare based on diagnostic related groups:

26 “[i] (A) 30 percent of payments made to the hospitals on a fee-for-service basis by the authority
27 for inpatient hospital services;

28 “[ii] (B) 41 percent of payments made to the hospitals on a fee-for-service basis by the au-
29 thority for outpatient hospital services; and

30 “[iii] (C) Payments made to the hospitals using a payment methodology established by the au-
31 thority that advances the goals of the Oregon Integrated and Coordinated Health Care Delivery
32 System described in ORS 414.620 (3).

33 “(b) Notwithstanding paragraph (a) of this subsection, aggregate assessments imposed under
34 [subsection (1) of] this section on or after July 1, 2015, may exceed the total of the amounts described
35 in paragraph (a) of this subsection to the extent necessary to compensate for any reduction of
36 funding in the legislatively adopted budget for hospital services under ORS 414.631, 414.651 and
37 414.688 to 414.745.

38 “(c) The director may impose a lower rate of assessment on type A hospitals and type B hospi-
39 tals to take into account the hospitals’ financial position.

40 “[5] (4) Notwithstanding subsection [(4)] (3) of this section, a hospital is not guaranteed that
41 any additional moneys paid to the hospital in the form of payments for services shall equal or exceed
42 the amount of the assessment paid by the hospital.

43 “[6)(a)] (5)(a) The authority shall develop a schedule for collection of the assessment for the
44 calendar quarter ending September 30, 2021, that will result in the collection occurring between
45 December 15, 2021, and the time all Medicaid cost settlements are finalized for that calendar quar-

1 ter.

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

3 “**SECTION 30.** Section 3, chapter 736, Oregon Laws 2003, as amended by section 3, chapter 608,
4 Oregon Laws 2013, is amended to read:

5 “**Sec. 3.** [(1)] Notwithstanding section 2, chapter 736, Oregon Laws 2003, the Director of the
6 Oregon Health Authority shall reduce the rate of assessment imposed under section 2 (1), chapter
7 736, Oregon Laws 2003, to the maximum rate allowed under federal law if the reduction is required
8 to comply with federal law.

9 “[2] *If federal law requires a reduction in the rate of assessments, the director shall, after con-*
10 *sulting with representatives of the hospitals that are subject to the assessments, first reduce the dis-*
11 *tribution of moneys described in section 9 (2)(d), chapter 736, Oregon Laws 2003, by a corresponding*
12 *amount.*]

13 “**SECTION 31.** Section 5, chapter 736, Oregon Laws 2003, as amended by section 52, chapter
14 828, Oregon Laws 2009, and section 18, chapter 867, Oregon Laws 2009, is amended to read:

15 “**Sec. 5.** (1) A hospital that fails to file a report or pay an assessment under section 2, chapter
16 736, Oregon Laws 2003, by the date the report or payment is due shall be subject to a penalty of
17 up to \$500 per day of delinquency. The total amount of penalties imposed under this section for each
18 reporting period may not exceed five percent of the assessment for the reporting period for which
19 penalties are being imposed.

20 “(2) Penalties imposed under this section shall be collected by the Oregon Health Authority and
21 deposited in the Oregon Health Authority Fund established under [section 18, chapter 595, Oregon
22 Laws 2009] **ORS 413.101.**

23 “(3) Penalties paid under this section are in addition to and not in lieu of [the] **any** assessment
24 imposed under section 2, chapter 736, Oregon Laws 2003.

25 “**SECTION 32.** Section 7, chapter 736, Oregon Laws 2003, as amended by section 5, chapter 608,
26 Oregon Laws 2013, is amended to read:

27 “**Sec. 7.** The Oregon Health Authority may audit the records of any hospital in this state to
28 determine compliance with sections 1 to 9, chapter 736, Oregon Laws 2003[, and section 1 of this 2013
29 Act]. The authority may audit records at any time for a period of five years following the date an
30 assessment is due to be reported and paid under section 2, chapter 736, Oregon Laws 2003.

31 “**SECTION 33.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,
32 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws
33 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, and
34 section 7, chapter 608, Oregon Laws 2013, is amended to read:

35 “**Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate
36 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall
37 be credited to the Hospital Quality Assurance Fund.

38 “(2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the
39 Oregon Health Authority for the purpose of:

40 “(a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

41 “(b) Funding services under ORS 414.631, 414.651 and 414.688 to [414.750] **414.745**, including but
42 not limited to increasing reimbursement rates for inpatient and outpatient hospital services under
43 ORS 414.631, 414.651 and 414.688 to [414.750] **414.745**;

44 “(c) Making payments described in section 2 [(3)(a)(C)] **(4)(a)(B)(iii)**, chapter 736, Oregon Laws
45 2003;

1 “(d) Making distributions, as described in section 1 (4) [of this 2013 Act], **chapter 608, Oregon**
2 **Laws 2013**, of an amount of moneys equal to the federal financial participation received from one
3 percentage point of the rate assessed under section 2 (1), chapter 736, Oregon Laws 2003; and

4 “(e) Paying administrative costs incurred by the authority to administer section 1 [of this 2013
5 Act], **chapter 608, Oregon Laws 2013**, and the assessments imposed under section 2, chapter 736,
6 Oregon Laws 2003.

7 “(3) Except for assessments imposed pursuant to section 2 [(3)(b)] **(4)(b)**, chapter 736, Oregon
8 Laws 2003, the authority may not use moneys from the Hospital Quality Assurance Fund to
9 supplant, directly or indirectly, other moneys made available to fund services described in sub-
10 section (2) of this section.

11 “**SECTION 34.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,
12 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws
13 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, and
14 section 7, chapter 608, Oregon Laws 2013, and section 33 of this 2017 Act, is amended to read:

15 “**Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate
16 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall
17 be credited to the Hospital Quality Assurance Fund.

18 “(2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the
19 Oregon Health Authority for the purpose of:

20 “(a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

21 “(b) Funding services under ORS 414.631, 414.651 and 414.688 to 414.745, including but not lim-
22 ited to increasing reimbursement rates for inpatient and outpatient hospital services under ORS
23 414.631, 414.651 and 414.688 to 414.745;

24 “(c) Making payments described in section 2 (4)(a)(B)(iii), chapter 736, Oregon Laws 2003;

25 “(d) Making distributions, as described in section 1 (4), chapter 608, Oregon Laws 2013, of an
26 amount of moneys equal to the federal financial participation received from one percentage point
27 of the rate assessed under section 2 (1), chapter 736, Oregon Laws 2003; [and]

28 “**(e) Making payments to coordinated care organizations to be used to provide additional**
29 **reimbursement to type A hospitals and type B hospitals to improve and expand access to**
30 **services for medical assistance recipients, to the extent permitted by federal requirements;**
31 **and**

32 “[e)] **(f)** Paying administrative costs incurred by the authority to administer section 1, chapter
33 608, Oregon Laws 2013, and the assessments imposed under section 2, chapter 736, Oregon Laws
34 2003.

35 “(3) Except for assessments imposed pursuant to section 2 (4)(b), chapter 736, Oregon Laws 2003,
36 the authority may not use moneys from the Hospital Quality Assurance Fund to supplant, directly
37 or indirectly, other moneys made available to fund services described in subsection (2) of this sec-
38 tion.

39 “**SECTION 35.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,
40 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws
41 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, and
42 section 7, chapter 608, Oregon Laws 2013, and sections 33 and 34 of this 2017 Act, is amended to
43 read:

44 “**Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate
45 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall

1 be credited to the Hospital Quality Assurance Fund.

2 “(2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the
3 Oregon Health Authority for the purpose of:

4 “(a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

5 “(b) Funding services under ORS 414.631, 414.651 and 414.688 to 414.745 , including but not
6 limited to increasing reimbursement rates for inpatient and outpatient hospital services under ORS
7 414.631, 414.651 and 414.688 to 414.745;

8 “(c) Making payments described in section 2 (4)(a)(B)(iii), chapter 736, Oregon Laws 2003;

9 “[*d*] *Making distributions, as described in section 1 (4), chapter 608, Oregon Laws 2013, of an*
10 *amount of moneys equal to the federal financial participation received from one percentage point of the*
11 *rate assessed under section 2 (1), chapter 736, Oregon Laws 2003;*]

12 “[*e*] **(d)** Making payments to coordinated care organizations to be used to provide additional
13 reimbursement to type A hospitals and type B hospitals to improve and expand access to services
14 for medical assistance recipients, to the extent permitted by federal requirements; and

15 “[*f*] **(e)** Paying administrative costs incurred by the authority to administer [*section 1, chapter*
16 *608, Oregon Laws 2013, and*] the assessments imposed under section 2, chapter 736, Oregon Laws
17 2003.

18 “(3) Except for assessments imposed pursuant to section 2 (4)(b), chapter 736, Oregon Laws 2003,
19 the authority may not use moneys from the Hospital Quality Assurance Fund to supplant, directly
20 or indirectly, other moneys made available to fund services described in subsection (2) of this sec-
21 tion.

22 “**SECTION 36.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,
23 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws
24 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, and
25 section 7, chapter 608, Oregon Laws 2013, and sections 33, 34 and 35 of this 2017 Act, is amended
26 to read:

27 “**Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate
28 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall
29 be credited to the Hospital Quality Assurance Fund.

30 “(2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the
31 Oregon Health Authority for the purpose of:

32 “(a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

33 “(b) Funding services under ORS 414.631, 414.651 and 414.688 to 414.745 , including but not
34 limited to increasing reimbursement rates for inpatient and outpatient hospital services under ORS
35 414.631, 414.651 and 414.688 to 414.745;

36 “(c) Making payments described in section 2 [*(4)(a)(B)(iii)*] **(3)(a)(C)**, chapter 736, Oregon Laws
37 2003;

38 “(d) Making payments to coordinated care organizations to be used to provide additional re-
39 imbursement to type A hospitals and type B hospitals to improve and expand access to services for
40 medical assistance recipients, to the extent permitted by federal requirements; and

41 “(e) Paying administrative costs incurred by the authority to administer the assessments im-
42 posed under section 2, chapter 736, Oregon Laws 2003.

43 “(3) Except for assessments imposed pursuant to section 2 [*(4)(b)*] **(3)(b)**, chapter 736, Oregon
44 Laws 2003, the authority may not use moneys from the Hospital Quality Assurance Fund to
45 supplant, directly or indirectly, other moneys made available to fund services described in sub-

1 section (2) of this section.

2 “**SECTION 37.** Section 9, chapter 736, Oregon Laws 2003, as amended by section 2, chapter 757,
3 Oregon Laws 2005, section 2, chapter 780, Oregon Laws 2007, section 53, chapter 828, Oregon Laws
4 2009, section 19, chapter 867, Oregon Laws 2009, section 59, chapter 602, Oregon Laws 2011, and
5 section 7, chapter 608, Oregon Laws 2013, and section 33 of this 2017 Act, is amended to read:

6 “**Sec. 9.** (1) The Hospital Quality Assurance Fund is established in the State Treasury, separate
7 and distinct from the General Fund. Interest earned by the Hospital Quality Assurance Fund shall
8 be credited to the Hospital Quality Assurance Fund.

9 “(2) Amounts in the Hospital Quality Assurance Fund are continuously appropriated to the
10 Oregon Health Authority for the purpose of:

11 “(a) Paying refunds due under section 6, chapter 736, Oregon Laws 2003;

12 “(b) Funding services under ORS 414.631, 414.651 and 414.688 to 414.745, including but not lim-
13 ited to increasing reimbursement rates for inpatient and outpatient hospital services under ORS
14 414.631, 414.651 and 414.688 to 414.745; **and**

15 “(c) Making payments described in section 2 (4)(a)(B)(iii), chapter 736, Oregon Laws 2003;

16 “[*d*] Making distributions, as described in section 1 (4), chapter 608, Oregon Laws 2013, of an
17 amount of moneys equal to the federal financial participation received from one percentage point of the
18 rate assessed under section 2 (1), chapter 736, Oregon Laws 2003; and]

19 “[*e*] (d) Paying administrative costs incurred by the authority to administer [*section 1, chapter*
20 *608, Oregon Laws 2013, and*] the assessments imposed under section 2, chapter 736, Oregon Laws
21 2003.

22 “(3) Except for assessments imposed pursuant to section 2 (4)(b), chapter 736, Oregon Laws 2003,
23 the authority may not use moneys from the Hospital Quality Assurance Fund to supplant, directly
24 or indirectly, other moneys made available to fund services described in subsection (2) of this sec-
25 tion.

26 “**SECTION 37a.** Section 10, chapter 736, Oregon Laws 2003, as amended by section 3, chapter
27 780, Oregon Laws 2007, section 20, chapter 867, Oregon Laws 2009, section 8, chapter 608, Oregon
28 Laws 2013, and section 6, chapter 16, Oregon Laws 2015, is amended to read:

29 “**Sec. 10.** Sections 1 to 9, chapter 736, Oregon Laws 2003, apply to net revenues earned by
30 hospitals during a period beginning October 1, 2015, and ending the earlier of September 30, [2019]
31 **2021**, or the date on which the assessment no longer qualifies for federal financial participation un-
32 der Title XIX or XXI of the Social Security Act.

33 “**SECTION 38.** Section 12, chapter 736, Oregon Laws 2003, as amended by section 4, chapter
34 780, Oregon Laws 2007, section 21, chapter 867, Oregon Laws 2009, section 9, chapter 608, Oregon
35 Laws 2013, and section 3, chapter 16, Oregon Laws 2015, is amended to read:

36 “**Sec. 12.** (1) Sections 1 to 9, chapter 736, Oregon Laws 2003, [*and section 1, chapter 608, Oregon*
37 *Laws 2013,*] are repealed on January 2, [2024] **2026**.

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

39 “**SECTION 39.** Section 13, chapter 736, Oregon Laws 2003, as amended by section 5, chapter
40 780, Oregon Laws 2007, section 22, chapter 867, Oregon Laws 2009, section 10, chapter 608, Oregon
41 Laws 2013, and section 4, chapter 16, Oregon Laws 2015, is amended to read:

42 “**Sec. 13.** Nothing in the repeal of sections 1 to 9, chapter 736, Oregon Laws 2003, and section
43 1, chapter 608, Oregon Laws 2013, by section 12, chapter 736, Oregon Laws 2003, affects the impo-
44 sition and collection of a hospital assessment under sections 1 to 9, chapter 736, Oregon Laws 2003,
45 for a calendar quarter beginning before September 30, [2019] **2021**.

1 **“SECTION 40.** Section 14, chapter 736, Oregon Laws 2003, as amended by section 6, chapter
2 780, Oregon Laws 2007, section 23, chapter 867, Oregon Laws 2009, and section 5, chapter 16,
3 Oregon Laws 2015, is amended to read:

4 **“Sec. 14.** Any moneys remaining in the Hospital Quality Assurance Fund on December 31,
5 [2023] 2025, are transferred to the General Fund.

6 **“SECTION 41.** The Oregon Health Authority shall ensure that the Oregon Health and
7 Science University receives net reimbursement of at least 84 percent but no more than 100
8 percent of the university’s costs of providing services that are paid for, in whole or in part,
9 with Medicaid funds. Net reimbursement means all Medicaid payments less any amount that
10 is transferred by the university to the authority.

11
12 **“FUNDING**

13
14 **“SECTION 42.** (1) An amount is transferred to the Health System Fund established under
15 section 2 of this 2017 Act from the unexpended balance of the Health Insurance Exchange
16 Fund established under ORS 741.102, that equals the difference between the balance in the
17 Health Insurance Exchange Fund and the projected expenditures from the Health Insurance
18 Exchange Fund during the next six months.

19 **“(2)** Any unexpended balance of the Oregon Medical Insurance Pool Account established
20 in ORS 735.612 remaining of the effective date of this 2017 Act is transferred to the Health
21 System Fund established under section 2 of this 2017 Act.

22 **“(3)** The transfers described in subsections (1) and (2) of this section shall be made from
23 moneys maintained, on the effective date of this 2017 Act, in the Health Insurance Exchange
24 Fund and the Oregon Medical Insurance Pool Account.

25
26 **“OPERATIVE DATES, EFFECTIVE DATES, REPEALS**
27 **AND TECHNICAL ADJUSTMENTS**

28
29 **“SECTION 43.** Sections 3 to 12 of this 2017 Act and the amendments to ORS 291.055,
30 731.292 and 731.840 by sections 13 to 16 of this 2017 Act become operative on January 1, 2018.

31 **“SECTION 44.** (1) If the Centers for Medicare and Medicaid Services permits the state
32 to impose the assessment under section 2, chapter 736, Oregon Laws 2003, on type A hospi-
33 tals and type B hospitals and to exclude from the assessment public hospitals other than
34 health district hospitals:

35 **“(a)** Section 41 of this 2017 Act and the amendments to sections 1, 2 and 9, chapter 736,
36 Oregon Laws 2003, by sections 26, 28 and 34 of this 2017 Act become operative on the later
37 of:

38 **“(A)** January 1, 2018; or

39 **“(B)** The date of the approval by the Centers for Medicare and Medicaid Services.

40 **“(b)** The amendments to sections 3, 7 and 9, chapter 736, Oregon Laws 2003, by sections
41 30, 32 and 35 of this 2017 Act become operative on July 1, 2018.

42 **“(c)** The amendments to sections 2 and 9, chapter 736, Oregon Laws 2003, by sections 29
43 and 36 of this 2017 Act become operative on July 1, 2019.

44 **“(2)** If the Centers for Medicare and Medicare Services denies approval for the state to
45 impose the assessment under section 2, chapter 736, Oregon Laws 2003, on type A hospitals

1 and type B hospitals and to exclude from the assessment public hospitals other than health
2 district hospitals, the amendments to section 9, chapter 736, Oregon Laws 2003, by section
3 37 of this 2017 Act become operative on July 1, 2018.

4 “(3) The Director of the Oregon Health Authority shall notify the Legislative Counsel
5 upon receipt of an approval or denial by the Centers for Medicare and Medicaid Services of
6 permission to impose the assessment under section 2, chapter 736, Oregon Laws 2003, on type
7 A hospitals and type B hospitals and to exclude from the assessment public hospitals other
8 than health district hospitals.

9 “SECTION 45. (1) Sections 18 to 22 of this 2017 Act and the amendments to ORS 731.509
10 and section 2, chapter 26, Oregon Laws 2016, by sections 23 and 24 of this 2017 Act become
11 operative on the later of:

12 “(a) The date the United States Department of Health and Human Services approves a
13 waiver for state innovation under 42 U.S.C. 18052 in accordance with section 2, chapter 26,
14 Oregon Laws 2016, as amended by section 24 of this 2017 Act; or

15 “(b) January 1, 2018.

16 “(2) The Director of the Department of Consumer and Business Services shall notify the
17 Legislative Counsel upon receipt of the approval or denial of funding for the Oregon Rein-
18 surance Program under 42 U.S.C. 18052.

19 “SECTION 46. The amendments to ORS 731.509 by section 25 of this 2017 Act become
20 operative on January 2, 2024.

21 “SECTION 47. Section 15, chapter 389, Oregon Laws 2015, is repealed.

22 “SECTION 48. Sections 18 to 22 of this 2017 Act are repealed on January 2, 2024.

23 “SECTION 49. The Department of Consumer and Business Services may take any action
24 before the operative date specified in sections 43 and 45 of this 2017 Act for sections 2 to 12
25 and 18 to 22 of this 2017 Act and the amendments to ORS 291.055, 731.292, 731.509 and 731.840
26 and section 2, chapter 26, Oregon Laws 2016, by sections 13 to 16, 23 and 24 of this 2017 Act
27 that is necessary for the department to carry out sections 2 to 12 and 18 to 22 of this 2017
28 Act and the amendments to ORS 291.055, 731.292, 731.509 and 731.840 and section 2, chapter
29 26, Oregon Laws 2016, by sections 13 to 16, 23 and 24 of this 2017 Act on the operative date
30 specified in sections 43 and 45 of this 2017 Act.

31 “SECTION 50. The unit captions used in this 2017 Act are provided only for the conven-
32 ience of the reader and do not become part of the statutory law of this state or express any
33 legislative intent in the enactment of this 2017 Act.

34 “SECTION 51. This 2017 Act takes effect on the 91st day after the date on which the 2017
35 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.”.