

# Chapter 442

## 1981 REPLACEMENT PART

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**442.005** [1955 c 533 §2, 1973 c 754 §1; repealed by 1977 c 717 §23]

**442.010** [Amended by 1955 c 533 §3, 1971 c 650 §20, repealed by 1977 c 717 §23]

## ADMINISTRATION

**442.015 Definitions.** As used in ORS chapter 441 and this chapter, unless the context requires otherwise:

(1) "Affected persons" means each person or agency entitled as of right to a hearing before the state agency, or named or admitted as a party, and has the same meaning as given to "party" in ORS 183.310 (5).

(2) "Area" means a health service area designated in accordance with the Federal Act.

(3) "Clinical service" means any service provided within a health care facility, directly relating to the course of a patient's illness or disease, which may be provided either directly or indirectly on an inpatient or ambulatory patient basis.

(4) "Council" means the Oregon Statewide Health Coordinating Council.

(5) "Department" means the Department of Human Resources of the State of Oregon.

(6) "Develop" means to undertake those activities which on their completion will result in the offer of a new institutional health service or the incurring of a financial obligation, as defined under applicable state law, in relation to the offering of such a health service.

(7) "Division" means the Health Division of the Department of Human Resources.

(8) "Expenditure" or "capital expenditure" means the actual expenditure, an obligation to an expenditure, lease or similar arrangement in lieu of an expenditure, and the reasonable value of a donation or grant in lieu of an expenditure but not including any interest thereon.

(9) "Federal Act" means the National Health Planning and Resources Development Act of 1974, Public Law 93-641, amendments to the Federal Act and Public Law 96-79, and includes regulations issued thereunder as of August 19, 1981.

(10) "Governmental unit" means the state, or any county, municipality or other political subdivision, or any related department, division, board or other agency.

(11) "Health care consumers" and "health care providers" have the meaning given in the Federal Act.

(12) "Health care facility" means:

(a) A "hospital" with an organized medical staff, with permanent facilities that include inpatient beds, and with medical services, including physician services and continuous nursing services under the supervision of registered nurses, to provide diagnosis and medical or surgical treatment primarily for but not limited to acutely ill patients and accident victims, or to provide treatment for the mentally ill.

(b) A "long term care facility" with permanent facilities that include inpatient beds, providing medical services, including nursing services but excluding surgical procedures except as may be permitted by the rules of the division, to provide treatment for two or more unrelated patients. "Long term care facility" includes the terms "skilled nursing facility" and "intermediate care facility," but such definition shall not be construed to include facilities licensed and operated pursuant to ORS 443.400 to 443.455. Such definitions shall include:

(A) A "skilled nursing facility" whether an institution or a distinct part of an institution, which is primarily engaged in providing to inpatients skilled nursing care and related services for patients who require medical or nursing care, or rehabilitation services for the rehabilitation of injured, disabled or sick persons.

(B) An "intermediate care facility" which provides, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services above the level of room and board which can be made available to them only through institutional facilities.

(c) A "special inpatient care facility" with permanent inpatient beds and other facilities designed and utilized for special health care purposes, to include but not limited to Rehabilitation center, college infirmary, chiropractic facility, facility for the treatment of alcoholism, or inpatient care facility meeting the requirements of ORS 441.065, and any other establishment falling within a classification established by the division, after determination of the need for such classification and the

level and kind of health care appropriate for such classification.

(d) An "ambulatory surgical facility" which is not a part of a hospital but which provides surgical treatment to patients not requiring hospitalization. An "ambulatory surgical facility" does not include the offices of a physician or a dentist in private practice, whether in individual or group practice.

(e) An establishment furnishing primarily domiciliary care is not a "health care facility."

(13) "Health maintenance organization" or "HMO" means a public organization or a private organization organized under the laws of any state which:

(a) Is a qualified HMO under section 1310 (a) of the U.S. Public Health Services Act; or

(b)(A) Provides or otherwise makes available to enrolled participants health care services, including at least the following basic health care services: Usual physician services, hospitalization, laboratory, X-ray, emergency and preventive services, and out-of-area coverage;

(B) Is compensated, except for copayments, for the provision of the basic health care services listed in subparagraph (A) of this paragraph to enrolled participants on a predetermined periodic rate basis; and

(C) Provides physicians' services primarily directly through physicians who are either employees or partners of such organization, or through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice basis.

(14) "Health systems agency" means an Oregon corporation designated to serve as a health systems agency as that term is used in the Federal Act.

(15) "Health services" means clinically related diagnostic, treatment or rehabilitative services, and includes alcohol, drug or controlled substance abuse and mental health services that may be provided either directly or indirectly on an inpatient or ambulatory patient basis.

(16) "Institutional health services" means health services provided in or through health care facilities and includes the entities in or through which such services are provided.

(17) "New health service" has the meaning given the term "health services" in subsection (15) of this section and includes:

(a) The construction, development or other establishment of a new health care facility.

(b) Any capital expenditure, other than an expenditure for major medical equipment, for health services by or on behalf of a health care facility which expenditure exceeds the lesser of:

(A) \$1 million plus an index factor to reflect construction costs; or

(B) \$250,000, and five percent of the difference in gross revenues experienced for the last two completed fiscal years.

(c) "New health service" does not include a capital expenditure for site acquisition or acquisition of a health care facility.

(d) An increase in bed capacity of a health care facility which increases the number of beds by more than 10 beds or more than 10 percent of the bed capacity, as defined by the state agency, whichever is less, within a two-year period, or the relocation of beds from one physical facility or site to another.

(e) Health services, except home health services, as specified by state agency rule under ORS 442.320 (2)(a), which were not offered on a regular basis in or through such health care facility either directly or indirectly by contract within the 12-month period prior to the time such health services would be offered, and which could significantly add to the cost of patient care or compromise quality of care.

(18) "Major medical equipment" means medical equipment which is used to provide medical and other health services and which costs more than \$250,000. "Major medical equipment" does not include medical equipment acquired by or on behalf of a clinical laboratory to provide clinical laboratory services, if the clinical laboratory is independent of a physician's office and a hospital and has been determined under Title XVIII of the Social Security Act to meet the requirements of paragraphs (10) and (11) of section 1861(s) of that Act.

(19) "Nonclinically related capital expenditures" means an expenditure connected with providing a health service but which does not provide any health service although it will have substantial impact on the cost of health services to the patient.

(20) "Offer" means that the health care facility holds itself out as capable of providing, or as having the means for the provision of, specified health services.

(21) "Office" means the Office of Rural Health, a component of, and contained within, the state agency.

(22) "Person" means an individual, a trust or estate, a partnership, a corporation (including associations, joint stock companies and insurance companies), a state, or a political subdivision or instrumentality, including a municipal corporation, of a state.

(23) "Secretary" means the Secretary of Health and Human Services.

(24) "State agency" means the State Health Planning and Development Agency having the functions and authorities as established by this chapter and the Federal Act. [1977 c 751 §1, 1979 c 697 §2, 1979 c 744 §31, 1981 c 693 §1]

**442.020** [Amended by 1955 c 533 §4, 1973 c 754 §2, repealed by 1977 c 717 §23]

**442.025 Findings and policy.** (1) The Legislative Assembly finds that the achievement of equal access to quality health care at a reasonable cost is a priority of the State of Oregon.

(2) It is the purpose of this chapter to establish area-wide and state planning for health services, staff and facilities in light of the findings of subsection (1) of this section and in furtherance of health planning policies of this state. [1977 c 751 §2, 1981 c 693 §2]

**442.030** [Amended by 1955 c 533 §5, 1961 c 316 §8, 1967 c 89 §4, repealed by 1977 c 717 §23]

**442.035 Oregon Statewide Health Coordinating Council; qualifications; terms; officers; meetings; compensation and expenses.** (1) There is established the Oregon Statewide Health Coordinating Council to serve as the policy-making body responsible for health planning pursuant to this chapter

(2) The members of the council shall be residents of the State of Oregon and shall be appointed by the Governor, subject to the following:

(a) The council shall have 18 representatives appointed from lists of at least nine nominees submitted to the Governor by each of the health systems agencies designated for health service areas which lie in whole or part within the state. Each health systems agency shall be entitled to six representatives on the council, not less than one-half of whom shall be consumers of health care, including government officials, who are not providers of health care

(b) The Governor may appoint up to 12 persons, including state officials, public elected officials and other representatives of governmental authorities within the State of Oregon, to serve on the council as the Governor deems appropriate; and a majority of the persons appointed shall be consumers of health care who are not providers of health care.

(c) The membership of the Oregon Statewide Health Coordinating Council shall broadly represent the social, economic, linguistic and racial population of the state.

(d) Membership on the council shall include individuals who are consumers of health care to represent Oregon's rural and urban medically underserved populations.

(e) Not less than one-half of the providers of health care who are members of the council shall be direct providers of health care as defined in section 1531 (3) of the Federal Act.

(f) The membership of the Oregon Statewide Health Coordinating Council shall be at least 51 percent and not more than 60 percent consumers.

(g) When there are one or more hospitals or other health care facilities of the Veterans Administration within the state, the council shall also include as a member a nonvoting individual whom the Chief Medical Director of the Veterans Administration designates to represent such facilities.

(h) Staff members of health systems agencies shall not be eligible for membership on the council.

(i) Except for state agency representatives so designated by the Governor and the representative of the Veterans Administration:

(A) Members shall be appointed to three-year terms

(B) No person shall serve more than two consecutive terms

(j) Designated state agency members shall serve by virtue of office and the pleasure of the Governor.

(3) All appointed members of the council shall serve at the Governor's pleasure.

(4) Members shall select a chairperson and a vice chairperson and an executive committee from among themselves. The executive committee shall include the chairperson and vice chairperson. A majority of the members of the executive committee shall be consumers of health care. The membership of the executive

committee shall reflect to a reasonable extent the composition of the total membership of the council. The executive committee shall be empowered with those duties and powers as the council shall determine.

(5) The council shall meet at least quarterly.

(6) Members are entitled to compensation and expenses as provided in ORS 292.495.

(7) Vacancies on the council shall be filled by appointments of the Governor for the unexpired term. If a vacancy is in a position occupied by a nominee of a health systems agency, the Governor shall request such health systems agency to submit up to three names to the Governor to fill the vacancy. Such nominations must qualify to fill the same general category of representation as was held by the former member in order to maintain the same council membership composition. [1977 c 751 §3; 1979 c 697 §3, 1981 c 693 §3]

**442.040** [Amended by 1955 c 533 §6, 1973 c 754 §3, repealed by 1977 c 717 §23]

**442.045 Council duties and powers.** The Oregon Statewide Health Coordinating Council shall perform the following functions:

(1) Review annually and coordinate the health systems plans and the annual implementation plan of each health systems agency within the state.

(2) Annually prepare, review, revise as necessary, and adopt a state health plan which shall be made up of the health systems plans of the health systems agencies and such state agency health plans as the council deems appropriate. The plan, as found necessary by the council, may contain revisions of the health systems plans to achieve their appropriate coordination or to deal more effectively with state-wide health needs. In the preparation and revision of the state health plan, the council shall review and consider the preliminary state health plan submitted by the State Health Planning and Development Agency.

(3) Review annually the grant applications of each health systems agency and the state agency and report to the secretary.

(4) Review applications submitted by the health systems agencies for grants.

(5) Advise the state agency generally on the performance of its functions

(6) Review annually and approve or disapprove any state plan and any application, and any revision of a state plan or application,

submitted to the Secretary of Health and Human Services as a condition to the receipt of any funds under allotments made to states under the Federal Act, the Community Mental Health Centers Act or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970.

(7) Provide such reports to the Secretary of Health and Human Services as may be required.

(8) Perform all other functions authorized or required by state law. [1977 c 751 §4, 1981 c 693 §4]

**442.050** [Amended by 1957 c 697 §3, 1969 c 535 §2, 1973 c 754 §4, 1977 c 284 §50, repealed by 1977 c 717 §23]

**442.053** [1955 c 533 §7, 1973 c 754 §5, repealed by 1977 c 717 §23]

**442.055** [1955 c 533 §8, repealed by 1973 c 754 §8]

**442.057 Council subcommittees and advisory committees.** The Oregon Statewide Health Coordinating Council may establish subcommittees and may appoint advisory committees to advise it in carrying out its duties. Members of advisory committees shall not be eligible for compensation but shall be entitled to receive actual and necessary travel and other expenses incurred in the performance of their official duties [1977 c 751 §15, 1981 c 693 §5]

**442.060** [Amended by 1963 c 92 §1, repealed by 1977 c 717 §23]

**442.070** [Amended by 1961 c 316 §9, 1967 c 89 §5, repealed by 1971 c 734 §21]

**442.075** [1971 c 734 §58, repealed by 1973 c 754 §6 (442 076 enacted in lieu of 442 075)]

**442.076** [1973 c 754 §7 (enacted in lieu of 442 075), repealed by 1977 c 717 §23]

**442.080** [Repealed by 1977 c 717 §23]

**442.085 State Health Planning and Development Agency; director; dismissal procedure; appointment of staff.** (1) There is established a State Health Planning and Development Agency.

(2) The state agency shall be under the supervision of a director appointed by the Governor. The director shall

(a) Be in the unclassified service.

(b) Be responsible to the council pursuant to ORS 442.095.

(c) Serve at the pleasure of the Governor. However, if two-thirds of the members of the council vote to recommend dismissal of the director, the Governor shall conduct a hearing

to determine whether cause exists for that dismissal and may dismiss the director.

(3) Subject to the State Personnel Relations Law, the director shall appoint necessary staff. [1977 c 751 §5, 1981 c 693 §6]

**442.090** [Repealed by 1955 c 533 §10]

**442.095 State agency duties.** The State Health Planning and Development Agency shall perform the following functions:

(1) Administer the health planning activities of the council pursuant to this chapter, and coordinate the health planning activities of state government.

(2) Prepare, review and revise as necessary a preliminary state health plan which shall be made up of the health systems plans of the health systems agencies in the state.

(3) Assist the council in the performance of its functions generally.

(4) Serve as the designated planning agency of the state for purposes of section 1122 of the federal Social Security Act if the state has made an agreement pursuant to that section and administer the state certificate of need program pursuant to ORS 442.320 to 442.345.

(5) After consideration of recommendations submitted by health systems agencies respecting new institutional health services proposed to be offered in the state, make findings as to the need for such services.

(6) To the extent required by the Federal Act, review on a periodic basis, but not less often than every five years, all institutional health services being offered in the state and, after consideration of recommendations submitted by health systems agencies in the state respecting the appropriateness of such services, make public the findings.

(7) Administer the health care cost review program pursuant to ORS 442.400 to 442.445.

(8) Exercise the authority arising out of the policy decisions of the council.

(9) Provide reports to the Secretary of Health and Human Services.

(10) Provide staff services to the council or subcommittees thereof or advisory committees on the conduct of its duties, including routine administrative support under the policy direction of the council.

(11) Conduct the administrative and regulatory functions necessary to implement the policies and directives of the council adopted pursuant to state law.

(12) Perform other functions required by state law.

(13) Adopt rules regarding appropriate construction indexes and from time to time publish and apply such index factors. [1977 c 751 §6, 1981 c 693 §7]

**442.100** [1977 c 751 §7, repealed by 1981 c 693 §31]

**442.105 Contracts for administration of laws; terms and conditions.** (1) In carrying out its duties, the state agency is authorized to contract with a health systems agency and any other governmental or private agency which the state agency deems necessary. The state agency shall reimburse such contracting agency, from funds authorized or appropriated to it in a manner consistent with state law.

(2) The state agency shall prescribe the manner and form of performance which it shall require of contractors pursuant to subsection (1) of this section. Such contractors shall agree to accept such performance standards as the state agency shall prescribe for purposes of this section. [1977 c 751 §38, 1981 c 693 §8]

**442.110 State agency as agency to apply for and receive federal funds.** (1) The State Health Planning and Development Agency is hereby designated as the state agency to apply to and receive from the Federal Government or any agency thereof such grants for the administration of the Federal Act and including grants for health care facility construction or remodeling.

(2) For the purposes of subsection (1) of this section, the state agency shall:

(a) Disburse or supervise the disbursement of all funds made available at any time by the Federal Government or this state for those purposes.

(b) Administer plans for those purposes. Such plans shall be made state wide in application in so far as reasonably feasible, possible or permissible, and shall be so devised as to meet the approval of the Federal Government or any of its agencies, not inconsistent with the laws of the state. [Formerly 431 250 (3), (4)]

### HEALTH SYSTEMS AGENCIES

**442.150 Health systems plans to be submitted to state agency.** All health systems plans and annual implementation plans shall be submitted for review and possible modification to the State Health Planning and Development Agency. [1977 c 751 §10]

**442.155 Health systems agencies; functions.** (1) Health systems agencies shall be designated by the secretary to serve three specified areas of the state.

(2) Health systems agencies shall:

(a) Establish, annually review and amend as necessary a health systems plan which shall be a detailed statement of goals describing a healthful environment and health systems in the area which, when developed, will assure that quality health services will be available and accessible in a manner which assures continuity of care at reasonable costs for all residents of the area and which are responsive to the unique needs and resources of the area.

(b) Establish, annually review and amend as necessary an annual implementation plan which describes objectives which will achieve the goals of the health systems plan and priorities among the objectives.

(c) Implement its health systems plan and annual implementation plan pursuant to the Federal Act.

(d) Assist the Oregon Statewide Health Coordinating Council and the State Health Planning and Development Agency in evaluating present and planned health care facilities and programs.

(e) Perform all other functions authorized or required by the Federal Act. [1977 c 751 §11]

**442.160 Health systems agency membership.** The health systems agency shall have a health care consumer majority and include health care provider and locally elected officials. Membership must comply with the requirements of the Federal Act. [1977 c 751 §12]

**442.165 Grant application procedure requiring federal approval.** For grant applications that require approval or disapproval by a health systems agency under the Federal Act, the following procedure applies.

(1) Upon receipt of the grant application, the health systems agency shall send a copy of the application and all accompanying material

to the state agency for consideration by the council.

(2) Within 90 days after receipt of the completed application, the health systems agency shall inform the State Health Planning and Development Agency and the Secretary of Health and Human Services of its decision either approving or disapproving of the application. No decision within the 90 days constitutes approval of the application.

(3) Within the 90-day period described in subsection (2) of this section, the state agency shall determine the conformity of the grant application to the state health plan and shall notify the health systems agency of the conformity or nonconformity with the state plan. In case of finding of nonconformity, the state agency shall refer the application to the council and notify the grant applicant. If the council recommends disapproval of the application, it shall notify the health systems agency and the secretary within the 90-day period.

(4) If the application is disapproved by the health systems agency or the council, the applicant or any affected party who participated in the proceedings before the health systems agency or the council may appeal to the secretary.

(5) A request for reconsideration must be received within 30 days of the decision. The health systems agency shall hold a reconsideration hearing within 30 days of receipt of the request for reconsideration. [1977 c 751 §13, 1981 c 693 §9]

**442.170 Grant application procedure requiring council approval.** (1) For grant applications that require approval or disapproval by the Oregon Statewide Health Coordinating Council under the Federal Act, within 90 days of the receipt of any such completed application, the council shall notify the secretary and the applicant and the health systems agency of its approval or disapproval of the application.

(2) The applicant or any affected party who participated in the proceedings before the council may appeal the decision of the council to the secretary.

(3) Upon receipt of a grant application, the council shall send a copy of the application and all accompanying material to the health systems agency

(4) Within 90 days after receipt of the application, the health systems agency shall determine the conformity of the grant applica-

tion to their health systems plan and annual implementation plan, and shall notify the council of the conformity or nonconformity with their plan or plans. In case of nonconformity, the health systems agency shall notify the applicant and secretary.

(5) A request for reconsideration must be received within 30 days of the decision. The council shall hold a reconsideration hearing within 30 days of receipt of request for reconsideration. [1977 c 751 §14]

### CERTIFICATES OF NEED FOR HEALTH SERVICES

**442.300** [Formerly 441 010, repealed by 1981 c 693 §31]

**442.320 When certificate required; application; fee; review.** (1) The following shall obtain a certificate of need from the state agency prior to an offering or development:

(a) Any person not excluded pursuant to ORS 441.065 and 442.340 (7) and any health care facilities of any health maintenance organization proposing to offer or develop a new health service.

(b) Any person acquiring or making or obligating an expenditure for major medical equipment which will be used for or on behalf of a health care facility or which will be used to provide services to inpatients of a health care facility not excluded pursuant to ORS 441.065.

(c) Any person not excluded pursuant to ORS 441.065 and 442.340 (7) making or obligating a nonclinically related capital expenditure.

(2)(a) The state agency shall adopt rules specifying criteria and procedures for making decisions as to the need for new health services.

(b) The state agency shall adopt rules providing for accelerated review or waiver of review of a proposed expenditure for repairs or replacement of plant or equipment, nonclinically related capital expenditures, or when the offering or development of a new health service is of a nonsubstantive nature.

(c) The state agency shall adopt rules for substitute review procedures as may be necessary.

(d) A series of projects having a health service related linkage, which in the aggregate exceeds the limits described in ORS

442.015 (17) over the whole project period, shall not be offered or developed without a certificate of need having first been obtained.

(3)(a) An applicant for a certificate of need shall apply to the state agency on forms provided for this purpose which forms shall be established by state agency rule.

(b) An applicant shall pay a fee prescribed as provided in this section. Subject to the approval of the Executive Department, the state agency shall prescribe application fees, based on the complexity and scope of the proposed project, not to exceed \$5,000.

(c) In the event a public hearing is held pursuant to ORS 183.310 to 183.550, the state agency may impose a fee equally on the parties to the hearing. In no case shall the fees assessed pursuant to this paragraph exceed the costs of the public hearing incurred by the state agency, except as provided in paragraph (d) of this subsection.

(d) Notwithstanding the provisions of paragraphs (b) and (c) of this subsection, the state agency and the parties to the hearing held pursuant to ORS 183.310 to 183.550 shall share equally in the cost of preparation of a transcript of record, if any.

(e) Fees derived under this section shall be continuously appropriated to the state agency and may be expended by the state agency for the administration of this section and ORS 442.340.

(4) The state agency shall adopt rules governing the reporting, by all persons not excluded pursuant to ORS 441.065 and 442.340 (7), of their intent to offer or develop a new health service during the succeeding 12 months, and the general nature of such new health service. Such a report shall be submitted to the state agency and respective health systems agency.

(5) The state agency may, in order to consider an application with other applications concerning proposed new health services for the same area, delay consideration of an application for a reasonable time not to exceed 90 days. [Formerly 441 090, 1979 c 697 §4, 1981 c 693 §10]

**442.325 Health care facility or health maintenance organization certificates; exempt activities; certain activities subject to insurance laws; policy to encourage health maintenance organizations.** (1) A certificate of need shall be required for the development or establishment of a health care

facility of any new health maintenance organization.

(2) Any activity of a health maintenance organization which does not involve the direct delivery of health services, as distinguished from arrangements for indirect delivery of health services through contracts with providers, shall be exempt from certificate of need review.

(3) Nothing in ORS 244.050, 431.250, 441.015 to 441.087, 442.015 to 442.420, 442.435 and 442.450 applies to any decision of a health maintenance organization involving its organizational structure, its arrangements for financing health services, the terms of its contracts with enrolled beneficiaries or its scope of benefits.

(4) With the exception of certificate of need requirements, when applicable, the licensing and regulation of health maintenance organizations shall be controlled by ORS 750.005 to 750.065 and statutes incorporated by reference therein.

(5) It is the policy of ORS 244.050, 431.250, 441.015 to 441.087, 442.015 to 442.420, 442.435 and 442.450 to encourage the growth of health maintenance organizations as an alternative delivery system and to provide the facilities for the provision of quality health care to the present and future members who may enroll within their defined service area.

(6)(a) It is also the policy of ORS 244.050, 431.250, 441.015 to 441.087, 442.015 to 442.420, 442.435 and 442.450 to consider the special needs and circumstances of health maintenance organizations. Such needs and circumstances include the needs of and costs to members and projected members of the health maintenance organization in obtaining health services and the potential for a reduction in the use of inpatient care in the community through an extension of preventive health services and the provision of more systematic and comprehensive health services. The consideration of a new health service proposed by a health maintenance organization shall also address the availability and cost of obtaining the proposed new health service from the existing providers in the area that are not health maintenance organizations

(b) The agency shall issue a certificate of need for beds, services or equipment to meet the needs or reasonably anticipated needs of members of health maintenance organizations

when beds, services or equipment are not available from nonplan providers. [1977 c 751 §56, 1981 c 693 §11]

**442.330** [Formerly 441.092, 1979 c 697 §5, repealed by 1981 c 693 §31]

**442.335 Review of certificate applications; limitation on time for review; notice to council.** (1) The state agency shall be the decision-making authority for the purposes of certificates of need.

(2) Each health systems agency is authorized to review all certificate of need applications in its designated health services area and send its recommendation to the state agency, which shall make the final decision.

(3)(a) Except as provided in paragraph (b) of this subsection and ORS 442.320 (5), no more than 90 days shall elapse from the time an application for a certificate of need is declared complete by the state agency to the time when the state agency makes its decision.

(b) The state agency with written agreement of the applicant for a certificate of need may extend the time period specified in paragraph (a) of this subsection.

(4) At the same time that the state agency notifies the applicant for a certificate of need, and the appropriate health systems agency, of its decision, it shall notify the council. [1977 c 751 §8, 1981 c 693 §12]

**442.340 Issuance of certificates; criteria; hearing; reconsideration and review of determinations; revocation or rescission of certificate; application of statutes.** (1) The state agency shall issue a certificate of need for all or part of the new health services applied for in the application if the need is confirmed by an evaluation of the criteria in subsection (2) of this section.

(2) In making determinations regarding an application for a certificate of need, the state agency and health systems agency shall make specific findings regarding:

(a) The need that the population of the area served or to be served by such proposed project has for such health services including the special needs and circumstances of those entities which provide a substantial portion of their health services or resources, or both, to individuals not residing in the areas in which the entities are located or in adjacent areas; and of members, subscribers and enrollees of institutions, health maintenance organizations or health care plans. Such entities may

include medical and other health professions' schools, multidisciplinary clinics, specialty centers, facilities established or operated by a religious body or denomination to meet the needs of members of such religious body or denomination for care and treatment in accordance with their religious or ethical convictions, and particular health care facilities provided for the purpose of rendering health care to such members, subscribers and enrollees.

(b) The relationship of the project being reviewed and its conformance to such of the following plans as are in existence at the time of the review:

(A) State health plan as approved by the council.

(B) Health systems plan and annual implementation plan of the respective health systems agency.

(C) Long-range development plan, if any, of the project proponent.

(c) The availability of resources for the provision of necessary health services and the availability of alternative uses for such resources for the provision of other health services, including:

(A) The availability of allopathic and osteopathic facilities and services to protect the freedom of choice of the patient in the area served.

(B) The relationship of the proposed project being reviewed, to the existing health care system of the area in which health services are provided or proposed to be provided, and the relationship of the proposed project to the efficiency or utilization of the existing health care system which is, or will be, serving the area.

(C) The conformity to state standards of both the proposed project and existing health services or major medical equipment which are currently serving the area.

(D) The ability of the institution to maintain its status as a training facility for general and family practice physicians.

(d) The immediate and long-term financial impact of the proposed project on the institution and the community, including consideration of travel costs for patients. The availability of less costly alternatives of equal quality or more effective methods of providing the proposed project and the effect of travel on a patient's condition if health services are not available in the area served or to be served.

(3) In any case in which the specifically enumerated criteria are not judged pertinent by the state agency or health systems agency, the state agency or health systems agency shall so state and give the reasons therefor.

(4) If the state agency makes a decision inconsistent with a recommendation made by a health systems agency, the state agency shall submit to such health systems agency a written, detailed statement of the reasons for the inconsistency.

(5)(a) An applicant, health systems agency or any affected person who is dissatisfied with the proposed decision of the state agency, is entitled to an informal hearing in the course of review and before a final decision is rendered.

(b) Following a final decision being rendered by the state agency, an applicant, health systems agency or any affected person may petition for a reconsideration hearing pursuant to ORS 183.310 to 183.550.

(c) An appeal before the appeals board pursuant to ORS 442.360, whose decision, based upon substantial evidence and made by not fewer than three members, shall be final subject to judicial review pursuant to ORS 183.310 to 183.550.

(d) A request for a hearing pursuant to paragraph (a) of this subsection must be received by the state agency within 10 days after service of the proposed decision of the state agency.

(e) A petition for a hearing pursuant to paragraph (b) of this subsection must be received by the state agency within 30 days after service of the final decision.

(f) In any proceeding brought by an affected person, an applicant or a health systems agency challenging a state agency decision under this subsection, the state agency shall follow procedures consistent with ORS 442.015 to 442.345 and the provisions of ORS 183.310 to 183.550 relating to a contested case.

(g) An applicant, health systems agency or any affected person may exercise its right to either paragraph (b) or (c) of this subsection or both or neither. Failure to exercise paragraph (b) or (c) of this subsection shall not prejudice an applicant, health systems agency or affected person's right to judicial review pursuant to ORS 183.310 to 183.550.

(h) Procedures under paragraphs (b) and (c) of this subsection shall be consistent with

the contested case hearing as defined in ORS 183.413 to 183.470 and shall include admission of oral direct evidence. The hearings officer or board may limit the issues and may exclude irrelevant or redundant evidence.

(6) Once a certificate of need has been issued, it may not be revoked or rescinded unless it was acquired by fraud or deceit. However, if the state agency finds that a health care facility is offering or developing a project that is not within the scope of the certificate of need, the state agency may limit the project as specified in the issued certificate of need, reconsider the application, or take action as provided in ORS 442.345.

(7) The provisions of ORS 442.320 and this section do not apply to a sole or group medical practice that is not within the definitions of "health care facility," "new health service," or "health maintenance organization" in ORS 442.015 unless the purchase of major medical equipment will provide services for inpatients of a hospital. The hospital is not required to apply for a certificate of need for the project.

(8)(a) A certificate of need issued pursuant to this section shall be automatically canceled 12 months from its effective date unless:

(A) Extended pursuant to paragraph (c) of this subsection; or

(B) The project covered by such certificate is substantially implemented.

(b) The expiration date of a substantially implemented certificate of need shall coincide with completion of the project for which it was issued.

(c) For good cause shown, the state agency may grant two extensions of time, not to exceed six months each, if the project for which the certificate was issued has not been substantially implemented.

(9) The state agency may with respect to any approved certificate of need, impose such reporting requirements as are necessary to monitor for substantial implementation and to determine that the project conforms to the approved application.

(10) A certificate of need shall not be bought, sold nor transferred either on its own or as part of a facility or health service purchase, sale or transfer. [Formerly 441 095, 1979 c 174 §1; 1979 c.285 §2, 1979 c 697 §6, 1981 c 693 §13]

**442.345 Injunctive relief for violation of provisions regarding certificate.** In addition to any other remedy provided by law, whenever it appears that any person is en-

gaged in, or is about to engage in, any acts which constitute a violation of ORS 442.320, 442.340, or any rule or order issued by the state agency, the state agency may institute proceedings in the circuit courts to enforce obedience to such statute, rule or order by injunction or by other processes, mandatory or otherwise. [1977 c 751 §33, 1981 c 693 §14]

**442.350 Federal aid; disposition of funds received.** (1) The state agency may apply for and receive from the secretary, or from the Treasury of the United States as directed by the secretary, such sums as are available for the purposes of ORS 442.320, 442.340 and this section, implementing the federal law, and functions set forth in agreements between the state agency and the secretary.

(2) Any sums appropriated by the secretary, or by the Treasury of the United States, for the purpose of constructing or remodeling health care facilities shall be deposited by the state agency with the State Treasurer. These funds shall be credited to the Health Resources and Development Account which is hereby created, are continuously appropriated and shall be used solely for the purpose of making grants pursuant to Title XVI of the Federal Act.

Expenditures for purposes of this section shall be confined solely to such funds as may be made available by the secretary. [Formerly 441 140]

**442.360 Certificate of Need Appeals Board; members, terms, officers, compensation and expenses.** (1) The Certificate of Need Appeals Board is established. The board shall serve as the appeals body on issues involving certificates of need as provided in ORS 442.320 and 442.340.

(2) The board shall consist of five members knowledgeable about health care matters appointed as follows:

(a) Three consumer members appointed by the Governor with regard to geographic representation.

(b) Two direct providers appointed by the Governor with regard to geographic representation.

(3) One member shall be a member of the council.

(4) Members shall serve for a term of three years, and are eligible for reappointment. Any vacancy shall be filled in the same

manner as the original appointment as described in subsection (2) of this section.

(5) Members are entitled to compensation and expenses as provided in ORS 292.495.

(6) Members shall select a chairperson and vice chairperson with such functions as the board may determine. The board shall meet on the call of the chairperson as necessary to hear appeals. [1977 c.751 §9; 1979 c.697 §7; 1981 c.693 §25]

### HEALTH CARE FACILITY COST REVIEW

**442.400 "Health care facility" defined.** As used in ORS 442.400 to 442.450, unless the context requires otherwise, "health care facility" or "facility" means such facility as defined by ORS 442.015, exclusive of a long term care facility, and includes all publicly and privately owned and operated health care facilities, but does not include facilities described in ORS 441.065. [Formerly 441.415; 1979 c.697 §8, 1981 c.693 §15]

**442.405 Legislative findings and policy.** The Legislative Assembly finds that rising costs and charges of health care facilities are a matter of vital concern to the people of this state. The Legislative Assembly finds and declares that it is the policy of this state:

(1) That cost containment programs be established and implemented by health care facilities in such manner as to both enable and motivate such facilities to control rapidly increasing costs;

(2) To require health care facilities to file for public disclosure such reports under systems of accounting as will enable both private and public purchasers of services from such facilities to make informed decisions in purchasing such services; and

(3) To encourage development of programs of research and innovation in the methods of delivery of institutional health care services of high quality with costs and charges reasonably related to the nature and quality of the services rendered. [Formerly 441.420]

**442.410 Health care facilities required to file budget and rate documents; effective date of rate increases; effect of failure to file increase; public inspection of rate schedules.** (1) All health care facilities shall file with the state agency in such form or forms as the state agency may require by rule:

(a) Prospective budgets for fiscal years of such facilities beginning on and after the operative date of this section together with a plan of action to contain costs of such facility;

(b) A list of all rates required by rule of the state agency that are in effect as of January 1 each year and the beginning of each fiscal year; and

(c) With respect to fiscal years following the first fiscal year for which a budget and plan of action to contain costs has been filed as required in this section, a report in such form as the state agency may require by rule as to the effectiveness of the plan of action to contain such costs.

(2) Changes in filed rates, and additions of new rates for services, supplies or facilities not provided for at the time of the original filing, may be made by the health care facility by filing such amendment or addition with the state agency. No increase in rates becomes effective until the 30th day after having been filed with the state agency. Rates for new services or new facilities not provided for at the time of the original filing may become effective immediately upon filing. There shall be filed with any increase or addition in filed rates, justification for such increase or addition in such form as the state agency by rule may require.

(3) Upon notice being given by the state agency, the state agency may order any rates which are put into effect in violation of subsection (2) of this section to revert to the previously filed rates until subsection (2) of this section has been complied with. Upon notice being given by the state agency, any amounts obtained by a facility in violation of subsection (2) of this section shall at the discretion of the state agency either:

(a) Be refunded to those persons overcharged; or

(b) Offset against future price increases in lieu of refunding.

(4) Each facility shall make a copy of its current filed rates available, during ordinary business hours, for inspection by any person on demand. [1977 c.751 §45; 1981 c.693 §16]

**442.415 Effect of service reductions on rates; markup on supplies and services; penalties not allowable in determining rates; determining reasonableness of rates.** In connection with the filing of rates as required under ORS 442.410, 442.450 and this section:

(1) A finding by the state agency that any health care facility has reduced the content of a service without a compensating reduction in rates shall be considered as if such reduction in content of such service were an increase in rates subject to ORS 442.325, 442.410, 442.450, section 47, chapter 751, Oregon Laws 1977, and this section.

(2) Costs of supplies, materials or services furnished to and separately charged to patients of hospitals on the basis of a set percentage markup or a set professional fee need not be filed as a rate, but the percentage markup or set professional fee shall be so filed. Any change in such percentage markup or set professional fee shall be considered as a change in rate. The state agency shall provide by rule for the filing of such percentage markup or set professional fee.

(3) Amounts incurred as civil penalties under any law of this state shall not be allowable as costs for purposes of rate determination, nor for reimbursement by a third party payor.

(4) In considering the reasonableness of rates, the state agency shall consider the adequacy and effectiveness of the health care facility's plan of action to contain costs. [1977 c 751 §46]

**442.420 Application for financial assistance; financial analysis and investigation authority; rules.** (1) Consistent with the policy directive of the council, the state agency may apply for, receive and accept grants, gifts, payments and other funds and advances, appropriations, properties and services from the United States, the State of Oregon or any governmental body, agency or agencies or from any other public or private corporation or person, and enter into agreements with respect thereto, including the undertaking of studies, plans, demonstrations or projects.

(2) In cooperation with the appropriate health systems agency and the appropriate professional standards review organizations, the state agency shall conduct or cause to have conducted such analyses and studies relating to costs of health care facilities as it considers desirable, including but not limited to methods of reducing such costs, utilization review of services of health care facilities, peer review, quality control, financial status of any facility subject to ORS 442.400 to 442.450 and sources of public and private

financing of financial requirements of such facilities.

(3) The state agency may also:

(a) Hold public hearings, conduct investigations and require the filing of information relating to any matter affecting the costs of and charges for services in all health care facilities;

(b) Subpena witnesses, papers, records and documents the state agency considers material or relevant in connection with functions of the state agency subject to the provisions of ORS 183.310 to 183.550;

(c) Exercise, subject to the limitations and restrictions imposed by ORS 442.400 to 442.450, all other powers which are reasonably necessary or essential to carry out the express objectives and purposes of ORS 442.400 to 442.450; and

(d) Adopt rules in accordance with ORS 183.310 to 183.550 necessary in the state agency's judgment for carrying out the functions of the state agency. [Formerly 441 435; 1981 c 693 §17]

**442.425 Authority over accounting and reporting systems of facilities.** (1) The state agency by rule may specify one or more uniform systems of accounting and financial reporting, necessary to meet the requirements of ORS 442.400 to 442.450. Such systems shall include such cost allocation methods as may be prescribed and such records and reports of revenues, expenses, other income and other outlays, assets and liabilities, and units of service as may be prescribed. Each facility under the state agency's jurisdiction shall adopt such systems for its fiscal period starting on or after the effective date of such system and shall make the required reports on such forms as may be required by the state agency. The state agency may extend the period by which compliance is required upon timely application and for good cause. Filings of such records and reports shall be made at such times as may be reasonably required by the state agency.

(2) Existing systems of accounting and reporting used by health care facilities shall be given due consideration by the state agency in carrying out its duty of specifying the systems of accounting and uniform reporting required by ORS 442.400 to 442.450. The state agency in so far as reasonably possible shall adopt accounting and reporting systems and requirements which will not unreasonably

increase the administrative costs of the facility

(3) The state agency may allow and provide for modifications in the accounting and reporting system in order to correctly reflect differences in the scope or type of services and financial structure between the various categories, sizes or types of health care facilities and in a manner consistent with the purposes of ORS 442 400 to 442.450.

(4) The state agency may establish specific annual reporting provisions for facilities that receive a preponderance of their revenue from associated comprehensive group-practice prepayment health care service plans. Notwithstanding any other provisions of ORS 441.055 and 442.400 to 442.450, such facilities shall be authorized to utilize established accounting systems and to report costs and revenues in a manner which is consistent with the operating principles of such plans and with generally accepted accounting principles. When such facilities are operated as units of a coordinated group of health facilities under common ownership, they shall be authorized to report as a group rather than as individual institutions, and as a group shall submit a consolidated balance sheet, income and expense statement and statement of source and application of funds for such group of health facilities. [Formerly 441 440, 1981 c 693 §18]

**442.430 Investigations; confidentiality of data.** (1) Whenever a further investigation is considered necessary or desirable by the state agency to verify the accuracy of the information in the reports made by health care facilities, the state agency may make any necessary further examination of the facility's records and accounts. Such further examinations include, but are not limited to, requiring a full or partial audit of all such records and accounts.

(2) In carrying out the duties prescribed by ORS 441.055 and 442.400 to 442.450, the state agency may utilize its own staff or may contract with any appropriate, independent, qualified third party. No such contractor shall release or publish or otherwise use any information made available to it under its contractual responsibility unless such permission is specifically granted by the state agency.

[Formerly 441 445]

**442.435 Investigation of facility financial status; cost review determinations; judicial review.** (1) On and after July 26, 1977, the state agency may conduct such

investigations as to determine to the satisfaction of the state agency that:

(a) The total operating revenues and costs of each facility are reasonably related to the total services offered by the facility;

(b) The facility's gross revenues are reasonably related to the facility's gross costs; and

(c) Rates and charges are set equitably among all purchasers or classes of purchasers of services without unjust discrimination or preference.

(2) The state agency may review the reasonableness of rates for particular services, supplies or materials established by any health care facility.

(3) When the state agency finds that rates charged by a facility are excessive because of underutilization of a service or unnecessary duplication of a service, it shall report its findings to the facility and to the Oregon Statewide Health Coordinating Council.

(4) If the state agency determines that rates charged by a facility or to be charged by a facility are unreasonable, the state agency shall cause such facility to be given written notice of such determination and provide for publication of such determination in such manner and in such media as the state agency considers necessary to give the public notice of such determination.

(5) A determination by the state agency that a rate or charge is unreasonable may be appealed as a contested case under ORS 183.480 [Formerly 441 460]

**442.440 Factors to be considered in determination of reasonableness of rates.**

(1) In determining whether a rate charged by a health care facility is reasonable, the state agency shall take into consideration the total financial requirements of the facility and shall consider, among other matters:

(a) Necessary operating expenses related to patient care.

(b) Expenses incurred for rendering services to patients for whom payment is not made in full, including, but not limited to, contractual allowances imposed by federal or state law, charity care and uncollectible accounts.

(c) All properly incurred interest charges on indebtedness for both capital and operating needs.

(d) Unreimbursed costs of education, both primary and continuing.

(e) Unreimbursed expenses for research related to patient care.

(f) Reasonable depreciation expenses based on the expected useful life of the property and equipment involved.

(g) Amortization of properly incurred capital and operating related indebtedness.

(h) Requirements for capital expenditures approved by the Comprehensive Health Planning Authority for replacement, modernization, renovation and expansion of services and facilities.

(i) Requirements for necessary working capital including, but not limited to operating cash, patients' accounts receivable and inventories.

(j) Federal, state and local taxes not ordinarily considered operating expenses where applicable.

(2) The state agency shall consider that nonprofit and governmental health care facilities must charge rates which will enable them to render effective and efficient services of high quality on a solvent basis.

(3) The state agency shall consider that proprietary health care facilities must charge rates which will enable them to render effective and efficient services including a fair return to their owners.

(4) In considering the reasonableness of rates for health care facilities operating by the State of Oregon or any political subdivision thereof, the state agency shall take into consideration the amount of funds derived from taxation appropriated to such facility. Nothing in this section shall be construed to limit such facility's right to establish rates sufficient to eliminate the necessity for taxation for operational funds.

(5) In the interest of promoting the most efficient and effective use of health care facilities, the state agency may consider alternative methods of rate determination and payment of an experimental nature that may be in the public interest and consistent with the purposes of ORS 441.055 and 442.400 to 442.450. [Formerly 441 465]

442.442 [1979 c 697 §10, repealed by 1981 c 693 §31]

**442.445 Civil penalty for failure to perform.** (1) Any health care facility that fails to perform as required in ORS 442.410 to 442.435 and rules of the state agency may be

subject to a civil penalty.

(2) The state agency shall adopt a schedule of penalties which shall not exceed \$100 per day of violation determined by the severity of the violation.

(3) Any penalty imposed under this section shall become due and payable when the facility incurring the penalty receives a notice in writing from the director of the state agency. The notice shall be sent by registered or certified mail and shall include a reference to the statute violated, a statement of the violation, a statement of the amount of the penalty imposed and a statement of the facility's right to request a hearing. The facility to whom the notice is addressed shall have 20 days from the date of mailing the notice to make written application for a hearing. All hearings shall be conducted as provided in ORS 183.310 to 183.550 for a contested case.

(4) Unless the amount of the penalty is paid within 10 days after the order of the state agency becomes final, the order shall constitute a judgment and may be filed with the county clerk in the county where the facility is located. The clerk shall thereupon record the name of the facility incurring the penalty and the amount of the penalty in the judgment docket. The penalty provided in the order so docketed shall become a lien upon the title of the real property held by the facility. Execution may be issued upon the order in the same manner as execution upon a judgment of a court of record.

(5) The penalty imposed under this section may be remitted or mitigated upon such terms and conditions as the state agency considers proper and consistent with the public health and safety. [Formerly 441 480, 1981 c 693 §19]

**442.450 Exemption from cost review regulations.** The following are not subject to ORS 442.400 to 442.450:

(1) Physicians in private practice, solo or in a group or partnership, who are not employed by, or hold ownership or part ownership in, a health care facility; or

(2) Health care facilities described in ORS 441.065. [1977 c 751 §55]

## RURAL HEALTH

**442.470 Definitions for ORS 442.470 to 442.500.** As used in ORS 442.470 to 442.500:

(1) "Agency" means the State Health Planning and Development Agency.

(2) "Council" means the Rural Health Coordinating Council.

(3) "Office" means the Office of Rural Health.

(4) "Primary care physician" means a doctor of family practice, general practice, internal medicine, pediatrics and obstetrics and gynecology.

(5) "Rural area" means any area designated as a rural area by the State Health Planning and Development Agency. [1979 c 513 §1]

**442.475 Office of Rural Health created.** There is created the Office of Rural Health in the State Health Planning and Development Agency. [1979 c 513 §2]

**442.480 Rural Health Care Revolving Account.** (1) There is established the Rural Health Care Revolving Account in the State Health Planning and Development Agency Account of the General Fund.

(2) All moneys appropriated for the purposes of ORS 442.470 to 442.500 and all moneys paid to the State Health Planning and Development Agency by reason of loans, gifts or grants for the purposes of ORS 442.470 to 442.500, shall be credited to the Rural Health Care Revolving Account.

(3) All moneys contained in the Rural Health Care Revolving Account shall be used for the purposes of ORS 442.470 to 442.500. [1979 c.513 §3]

**442.485 Responsibilities of Office of Rural Health.** The responsibilities of the Office of Rural Health shall include but not be limited to:

(1) Coordinating state-wide efforts for providing health care in rural areas.

(2) Accepting and processing applications from communities interested in developing health care delivery systems. Application forms shall be developed by the State Health Planning and Development Agency.

(3) Through the agency, applying for grants and accepting gifts and grants from other governmental or private sources for the research and development of rural health care programs and facilities.

(4) Serving as a clearinghouse for information on health care delivery systems in rural areas.

(5) Developing methods to implement council general recommendations for health care delivery in the pilot project communities.

(6) Implementing methods developed for health care delivery in pilot project communities.

(7) Helping local boards of health care delivery systems develop ongoing funding sources.

(8) Developing enabling legislation to facilitate further development of rural health care delivery systems and to expand the duties of the office, if necessary.

(9) Investigating the possibility of duplicating the pilot project delivery systems throughout the state. [1979 c 513 §4]

**442.490 Rural Health Coordinating Council; membership; terms; officers.** (1) In carrying out its responsibilities, the Office of Rural Health shall be advised by the Rural Health Coordinating Council. All members of the Rural Health Coordinating Council shall have knowledge, expertise or experience in rural areas and health care delivery. The membership of the Rural Health Coordinating Council shall consist of.

(a) One primary care physician who is appointed by the Oregon Medical Association and one primary care physician appointed by the Oregon Osteopathic Association;

(b) One nurse practitioner who is appointed by the Oregon Nursing Association;

(c) One pharmacist who is appointed by the State Board of Pharmacy;

(d) Two consumers who are appointed by the Governor;

(e) One representative appointed by the Conference of Local Health Officials;

(f) One consumer representative from the Western Oregon Health Systems Agency, appointed by the Western Oregon Health Systems Agency;

(g) One consumer representative from the Eastern Oregon Health Systems Agency, appointed by the Eastern Oregon Health Systems Agency;

(h) One consumer representative from the Northwest Oregon Health Systems, appointed by the Northwest Oregon Health Systems;

(i) One representative from the Oregon Health Sciences University, appointed by the President of the Oregon Health Sciences University;

(j) One representative from the Oregon Association of Hospitals, appointed by the Oregon Association of Hospitals;

(k) One dentist appointed by the Oregon Dental Association;

(L) One optometrist appointed by the Oregon Association of Optometry;

(m) One physician assistant who is appointed by the Oregon Society of Physician Assistants; and

(n) One naturopathic physician appointed by the Oregon Association of Naturopathic Physicians.

(2) The Rural Health Coordinating Council shall elect a chairperson and vice-chairperson.

(3) The chairperson may appoint nonvoting, advisory members of the Rural Health Coordinating Council. However, advisory members without voting rights are not entitled to compensation or reimbursement provided in section 10, chapter 513, Oregon Laws 1979.

(4) Members shall serve for two-year terms.

(5) The Rural Health Coordinating Council shall report its findings to the Office of Rural Health. [1979 c 513 §5, 1981 c 693 §20]

#### **442.495 Responsibilities of council.**

The responsibilities of the Rural Health Coordinating Council shall be to:

(1) Hold public meetings in communities selected by the agency and assess the existing health care services and needs;

(2) Develop general recommendations to meet the identified needs of pilot project communities and other assessed rural communities; and

(3) Evaluate, on an ongoing basis, how well the pilot projects are meeting the identified needs of the communities. [1979 c 513 §6, 1981 c 693 §21]

**442.500 Technical and financial assistance to rural communities; procedure; limit.** (1) The office shall provide technical assistance to rural communities interested in developing health care delivery systems.

(2) Communities shall make application for this technical assistance on forms developed by the office for this purpose.

(3) The Rural Health Coordinating Council shall review the applications and recommend to the office which communities should receive the assistance, how much money should be granted or loaned and the ability of the community to repay a loan.

(4) The office shall make the final decision concerning which communities receive the money and whether a loan is made or a grant is given.

(5) The office may make grants or loans of no more than \$5,000 per community per year.

(6) The office shall expand the level of technical assistance and coordination of rural health activities through staff services which include monitoring, evaluation, community needs analysis, information gathering and disseminating, guidance, linkages and research. [1979 c 513 §8, 1981 c 693 §22]

**Note:** Sections 23 and 24, chapter 693, Oregon Laws 1981, provide .

**Sec. 23.** Section 7, chapter 513, Oregon Laws 1979, is amended to read

**Sec. 7.** (1) During the 1981-1983 biennium, the office shall continue developing geographically diverse communities interested in developing health care systems to be pilot project communities

(2) The agency shall continue to appropriate \$40,000 to the office for implementation of the pilot projects. The pilot project community must match the loan or grant received by an amount equal to one-half. The match may be in the form of funds or services or a combination of both. The agency shall evaluate the pilot project community's ability to repay the amount given to them. On the basis of this evaluation, the agency shall decide whether to give a grant or to make a loan

(3) Each pilot project community must have a local board of directors which can operate the nonprofit health care system established in the pilot project communities

(4) The office shall assist in establishing a board of directors which can operate the health facilities established in the pilot project communities

(5) The office shall coordinate the provision of technical assistance and provide staff support to the pilot communities in implementing their projects

**Sec. 24.** Section 12, chapter 513, Oregon Laws 1979, is amended to read

**Sec. 12.** (1) The agency shall prepare a progress report on the pilot projects authorized in this 1981 Act and shall present the report to the Sixty-second Legislative Assembly

(2) The agency shall make recommendations to the Sixty-second Legislative Assembly concerning:

(a) The coordination of federal, state and local health services in rural areas,

(b) Specific action addressing the primary health care needs of the state's rural areas; and

(c) Enabling legislation developed by the office as outlined in subsection (3) of section 4, chapter 513, Oregon Laws 1979

**442.990** [Amended by 1955 c 533 §9, repealed by  
1977 c 717 §23]

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