

# LC 448: Modernizing Hospital Oversight Fee Structure

People in Oregon rely on the Oregon Health Authority (OHA) to oversee hospitals in Oregon and ensure they provide safe, high-quality care. However, lack of resources for hospital licensing and oversight makes this increasingly difficult.

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

The purpose of hospital licensing regulation is to ensure safe, high-quality hospital care for people in Oregon. This is especially important for chronically ill individuals, individuals with disabilities, and for many people who are underserved.

For their own financial reasons, hospitals and health systems commonly change or reduce services they offer, seek to merge with other health systems, or simply shut down. In 2023 alone, two hospitals sought to discontinue birthing services, while another health system closed an entire hospital in an urban area resulting in loss of both emergency and inpatient services. In each case, OHA worked to maintain patient services and provide clear information to patients, providers, and government partners about requirements and options

In addition to addressing closures, OHA has worked to facilitate new services, including additional inpatient beds, and new hospital service types, such as off-campus emergency department and outpatient dialysis services.

Both the volume and severity of hospital complaints have increased in recent years. The number of complaints received by OHA about hospitals jumped from 177 in 2017 to 414 in 2023, a 130% increase. In 2023, OHA received and investigated 14 complaints covering 12 different hospitals, alleging hospital noncompliance that put patients at risk of death or serious harm.

In recent years, state law added new hospital licensing requirements for OHA to enforce. These include safe discharge and transition requirements for patients after a behavioral health crisis or suicide attempt, ensuring patients with disabilities can have

a support person with them in the hospital, and ensuring patients with opioid use disorder leave the emergency room with two doses of overdose reversal medication.

Though the scope and complexity of hospital licensing have increased, the fee that supports the work of hospital licensing has not changed since 2009. Limited resources for the licensing program leads to less outreach to impacted people, less timely investigations, and less assistance for individuals who speak a language other than English or experience other communication barriers. It also hinders the program’s efforts to assist in equitable emergency planning and disaster response, answer frequent queries from the public, and consult on regulatory solutions for hospitals to best serve community needs.

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

This bill increases the capacity of OHA’s hospital licensing program to:

- Conduct timely initial licensing surveys and investigate patient safety incidents in hospitals.
- Enforce new equity-focused laws and increase outreach to the public and hospitals about these new patient protections.
- Modernize the licensing system to allow online license verification, electronic payment, reporting functions and increased transparency of hospital services and public posting of regulatory findings.
- Offer support and coordination to hospital leadership on regulatory matters.
- Improve communication with patient populations and healthcare consumers, including through community-based and advocacy organizations.

Revising the fee structure would cover all the costs of these hospital regulatory and outreach activities. No monies are needed from the General Fund. The fees would change based on size of hospital, as seen below:

# of Hospital Beds	Fee
<26	\$6,250
26-49	\$9,250
50-99	\$14,000

100-199	\$32,625
200-499	\$42,500
500 beds or more	\$60,350

Additionally, a hospital will be asked to pay a late fee of \$1,250 if the hospital fails to pay the license fee.

Furthermore, while there is an upfront financial impact on hospitals, improved oversight is expected to reduce costs throughout the hospital system, by preventing or mitigating hospital closures, streamlining the licensing system, reducing cases of improper care that lead to complaints and complications, and supporting innovative approaches to improving hospital care.

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

**For more information:**

**Em Droge**

Senior Policy Advisor

971-409-3449

[Emily.Droge@oha.oregon.gov](mailto:Emily.Droge@oha.oregon.gov)

You can get this document in other languages, large print, braille, or a format you prefer free of charge. Contact Sarah Herb at Sarah.Herb@oha.oregon.gov or (971) 372-9887 (voice/text). We accept all relay calls.