

**MEMORANDUM**

To: Oregon Association of Hospitals and Health Systems  
From: Gregory A. Chaimov  
Date: December 20, 2017  
Subject: Use of Revenues from .7% Tax

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This memorandum addresses whether the revenues from the .7% tax on hospitals in 2018 House Bill 2391 may be used for general government purposes.

The answer is no. The uses of the 7% tax on hospitals are the same as for the 5.3% hospital assessment. The .7% tax, like the 5.3% assessment, may only be used to fund the state's Medicaid program.

Section 8, chapter 736, Oregon Laws 2003, puts both assessments on hospitals--the reimbursable assessment and the .7% tax--into the Hospital Quality Assurance Fund.

Section 9, chapter 736, Oregon Laws 2003, authorizes the state to spend the moneys in the Hospital Quality Assurance Fund only to (1) provide health care through medical assistance programs, (2) reduce the cost and improve the quality of care provided through medical assistance programs, and (3) pay the costs of administering medical assistance programs.