

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)
COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 985

By: Monson

COMMITTEE SUBSTITUTE

(Public health and safety - amending Sections 4, 5, 6
and 9, Chapter 332, O.S.L. 1993 (63 O.S. Supp. 1993,
Sections 5006, 5007, 5008 and 5011) - Oklahoma Health
Care Authority - expanding responsibilities of the
Oklahoma Health Care Authority - effective date -
emergency)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 4, Chapter 332, O.S.L.
1993 (63 O.S. Supp. 1993, Section 5006), is amended to read as
follows:

Section 5006. A. There is hereby created the Oklahoma Health
Care Authority. The Authority shall have the power and duty to:

1. Purchase health care benefits for state and education
employees ~~and~~ Medicaid recipients, and others who are dependent
on the state for necessary medical care, as specifically
authorized by law;

2. Develop state and education employee health care plans as
authorized by Section ~~9~~ 5011 of this ~~act~~ title;

3. Enter into contracts for the delivery of state-purchased
health care and establish standards and criteria which must be met
by entities to be eligible to contract with the Authority for the
delivery of state-purchased health care;

4. Develop a proposed standard basic health care benefits
package or packages, to be offered by health services providers,
for state and education employees and Medicaid recipients;

5. Study all matters connected with the provision of state-
purchased and state-subsidized health care coverage;

6. Develop and submit plans, reports and proposals, provide information and analyze areas of public and private health care interaction pursuant to the provisions of the Oklahoma Health Care Authority Act, Section 5003 et seq. of this title;

7. Serve as a resource for information on state-purchased and state-subsidized health care access, cost containment and related health issues;

8. Administer programs and enforce laws placed under the jurisdiction of the Authority pursuant to the Oklahoma Health Care Authority Act, and such other duties prescribed by law;

9. Collaborate with and assist the Insurance Commissioner in the development of a Uniform Claim Processing System for use by third-party payors and health care providers;

10. Collaborate with and assist the State Department of Health with the development of licensure standards and criteria for pre-paid health plans; and

11. Exercise all incidental powers which are necessary and proper to carry out the purposes of the Oklahoma Health Care Authority Act.

B. All positions within the Authority shall be unclassified until approval of the annual business and personnel plan, which shall be submitted by ~~January~~ July 1, 1995, by the Governor and the Legislature. In the annual business plan, to be submitted ~~January~~ July 1, 1995, the Board shall include a personnel plan which shall list, describe and justify all unclassified positions within the Authority and their compensation. All other employees and positions shall be classified and subject to the provisions of the Merit System of Personnel Administration as provided in the Oklahoma Personnel Act, Section 840.1 et seq. of Title 74 of the Oklahoma Statutes.

SECTION 2. AMENDATORY Section 5, Chapter 332, O.S.L. 1993 (63 O.S. Supp. 1993, Section 5007), is amended to read as follows:

Section 5007. A. There is hereby created the Oklahoma Health Care Authority Board. The ~~Health Care Authority~~ Board shall be composed of seven (7) members appointed by the Governor:

1. Six members who shall serve four-year terms of office shall be appointed as follows:

- a.—two persons shall be appointed by the Governor from a list of nominees submitted by the President Pro Tempore of the Senate; provided, one appointee shall serve an initial term of office of two (2) years and one appointee shall serve an initial term of office of four (4) years, as designated by the Governor,
- b.—two persons shall be appointed by the Governor from a list of nominees submitted by the Speaker of the House of Representatives; provided, one appointee shall serve an initial term of office of one (1) year and one appointee shall serve an initial term of office of three (3) years, as designated by the Governor, and
- c.—the Governor shall appoint two members; provided, one appointee shall serve an initial term of office of three (3) years and one appointee shall serve an initial term of office of four (4) years, as determined by the Governor.

Members appointed pursuant to this paragraph shall include persons having experience in medical care, health care services, health care delivery, health care finance, health insurance and managed health care. In making the appointments, the ~~Governor~~ appointing authority shall also give consideration to urban, rural, gender and minority representation; and

2. The administrator of the Authority.

B. On and after the effective date of this act, as the terms of the initially appointed members expire, the Board shall be composed of seven appointed members who shall serve for terms of four (4) years and shall be appointed as follows:

1. Two members shall be appointed by the President Pro Tempore of the Senate;

2. Two members shall be appointed by the Speaker of the House of Representatives; and

3. Three members shall be appointed by the Governor;
provided, one member shall be a consumer who shall have no ties to
medical care, health care services, health care delivery, health
care finance, health insurance or managed health care.

The administrator of the Authority shall not be a member of
the Board.

C. Members appointed pursuant to this paragraph, with the
exception of the consumer member, shall include persons having
experience in medical care, health care services, health care
delivery, health care finance, health insurance and managed health
care. In making the appointments, the appointing authority shall
also give consideration to urban, rural, gender and minority
representation.

D. On and after the effective date of this act, any
subsequently appointed-

~~B. 1. The administrator of the Authority shall be appointed~~
~~by the Governor, with the advice and consent of the Senate, from a~~
~~list of not less than three nominees submitted by the members~~
~~appointed pursuant to paragraph 1 of this subsection Board. The~~
~~administrator shall have the training and experience necessary for~~
~~the administration of the Authority, as determined by the Board,~~
~~including, but not limited to, prior experience in the~~
~~administration of managed health care, necessary for the~~
~~administration of the Authority, as determined by the Board. The~~
~~administrator shall serve no fixed term and may be removed only~~
~~for cause at the pleasure of the Board.~~

~~2. Immediately after their appointment, the members appointed~~
~~pursuant to paragraph 1 of subsection A of this section shall~~
~~conduct a search and select not less than three nominees to submit~~
~~to the Governor for appointment as administrator of the Authority.~~
~~The search for suitable nominees shall not be confined to this~~
~~state.~~

~~C. E.~~ The Board shall have the power and duty to:

1. Establish the policies of the Oklahoma Health Care
Authority;

2. Adopt and promulgate rules as necessary and appropriate to carry out the duties and responsibilities of the Authority. The Board shall be the rulemaking body for the Authority; and

3. Adopt, publish and submit by January 1 of each year to the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives appropriate administrative policies and the business plan for that year. All actions governed by said administrative policies and annual business plan shall be examined annually in an independent audit.

~~D.~~ F. 1. A vacancy in a position shall be filled in the same manner as the original appointment.

2. A majority of the members of the Board shall constitute a quorum for the transaction of business and for taking any official action. Official action of the Board must have a favorable vote by a majority of the members present.

3. Members appointed pursuant to paragraph 1 of subsection A of this section shall serve without compensation but shall be reimbursed for expenses incurred in the performance of their duties in accordance with the State Travel Reimbursement Act.

~~E.~~ G. The ~~Board and the~~ Authority shall act in accordance with the provisions of the Oklahoma Open Meeting Act, Section 301 et seq. of Title 25 of the Oklahoma Statutes, the Oklahoma Open Records Act, Section 24A.1 et seq. of Title 51 of the Oklahoma Statutes, and the Administrative Procedures Act, Section 250.1 et seq. of Title 75 of the Oklahoma Statutes.

~~F. The Cabinet Secretary for Health and Human Services shall provide the Board with meeting space and staff support and assistance until such time as the initial administrator for the Authority is appointed, appropriate arrangements for offices are completed, and necessary staff for the Authority are employed.~~

SECTION 3. AMENDATORY Section 6, Chapter 332, O.S.L. 1993 (63 O.S. Supp. 1993, Section 5008), is amended to read as follows:

Section 5008. The administrator of the Oklahoma Health Care Authority shall be the ~~Chairman of the Health Care Authority Board~~ and shall be the chief executive officer of the Authority and

shall act for the Authority in all matters except as may be otherwise provided by law. The powers and duties of the Administrator shall include but not be limited to:

1. Supervision of the activities of the Authority;
2. Formulation and recommendation of rules for approval or rejection by the Oklahoma Health Care Authority Board and enforcement of rules and standards promulgated by the Board;
3. Preparation of the plans, reports and proposals required by the Oklahoma Health Care Authority Act, other reports as necessary and appropriate, and an annual budget for the review and approval of the Board; and
4. Employment of such staff as may be necessary to perform the duties of the Authority.

B. The administrator shall establish a contract bidding process that encourages competition among entities contracting with the Authority for state-purchased and state-subsidized health care, is timely to the state budgetary process, and sets conditions for awarding contracts to any insuring entity.

C. The administrator may appoint advisory committees as necessary to assist the Authority with the performance of its duties or to provide the Authority with expertise in technical matters.

D. The administrator shall ~~appoint~~ convene a committee composed of representatives of the State Department of Health, the Department of Mental Health and Substance Abuse Services, the Department of Human Services, the Office of the Insurance Commissioner, the State Insurance Fund, the Oklahoma Basic Health Benefits Board, the Department of Veterans Affairs, the Physicians Manpower Training Commission and other appropriate state agencies to assist with the preparation of a proposed plan for the transfer of other entities to the authority and continued sharing of data and resources by these entities.

1. Each agency on the committee shall designate an individual to serve as its representative on the committee.

2. The proposal shall be submitted to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives on or before January 1, ~~1994~~ 1995.

SECTION 4. AMENDATORY Section 9, Chapter 332, O.S.L. 1993 (63 O.S. Supp. 1963, Section 5011), is amended to read as follows:

Section 5011. A. On and after July 1, 1994, the duties, powers and responsibilities of the Oklahoma State Employees Benefits Council that relate to the purchase of health care benefits shall be made under the direction and with the approval of the Oklahoma Health Care Authority. ~~The Council, the Authority and the State and Education Employees Group Insurance Board shall jointly prepare a plan outlining the administrative structure and division of responsibilities for the functions of each entity. Said plan shall be submitted to the President Pro Tempore of the Senate and the Speaker of the House of Representatives on or before January 1, 1994.~~

B. The Authority shall develop state and education employee health care plans as provided by this section. In developing these plans, the Authority shall consider the following elements:

1. Methods of maximizing cost containment while ensuring access to quality health care;

2. Development of provider arrangements that encourage cost containment and ensure access to quality care, including, but not limited to, prepaid delivery systems and prospective payment methods;

3. Utilization review procedures including, but not limited to, prior authorization of services, hospital inpatient length of stay review, requirements for use of outpatient surgeries and second opinions for surgeries, review of invoices or claims submitted by health services providers, and performance audit of providers; and

4. Effective coordination of health care benefits.

C. Beginning in January, 1995, and each January thereafter, the administrator shall publish and distribute to each school district a description of health care benefit plans available

through the Oklahoma Health Care Authority and the estimated cost if school district employees were enrolled.

D. The Authority shall:

1. Establish a requirement for review of utilization and financial data from participating entities contracting with the Authority for state-purchased and state-subsidized health care on a quarterly basis;
2. Centralize the enrollment files for all persons covered by state-purchased and state-subsidized health plans;
3. Develop enrollment demographics on a plan-specific basis;
~~and~~
4. Establish methods for collecting, analyzing, and disseminating to covered individuals information on the cost and quality of services rendered by health care providers; and
5. Determine the terms and conditions of employee participation and coverage, including establishment of eligibility criteria.

E. The administrator may require that any entity that contracts for the delivery of services pursuant to a state-purchased or state-subsidized health care plan or benefits administered by the Authority shall provide all information deemed necessary to fulfill the administrator's duties as set forth in the Oklahoma Health Care Authority Act. All claims data produced pursuant to the Oklahoma Health Care Authority Act shall be the property of the state.

F. Any savings realized as a result of the provisions of this section and ~~Section 7 of the Oklahoma Health Care Authority Act~~ 5009 of this title shall not be used to increase benefits unless such use is authorized by law.

G. On and after July 1, 1994, the Oklahoma Basic Health Benefits Board shall receive any monies appropriated for the operations or duties imposed upon it by law from the Oklahoma Health Care Authority.

SECTION 5. This act shall become effective July 1, 1994.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency
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is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

44-2-2131

CJ