

ENROLLED HOUSE  
BILL NO. 1573

By: Monson, Crocker and  
Hamilton (James) of the  
House

and

Fisher of the Senate

An Act relating to health; creating the Oklahoma Health Care Authority; stating purpose; creating the Oklahoma Health Care Authority Act; defining terms; creating the Oklahoma Health Care Authority; providing for certain employee classifications; providing for the duties and responsibilities of the Authority; creating the Oklahoma Health Care Authority Board; providing for the duties and responsibilities of the Board; providing for membership; providing for the selection and appointment of the administrator of the Authority; providing for a quorum; providing for reimbursement; providing for certain meeting space and staff assistance; transferring certain public entities and functions to the Authority at certain time; providing for advisory committees; providing for powers and duties of administrator; providing for appointment of certain committees; providing for assumption of duties; directing certain agencies to cooperate with the Authority for certain purposes; requiring the Authority to make certain determinations relating to certain information systems; requiring certain report relating to rules and responsibilities, coordination and structure of the health care delivery system; requiring certain studies and plans relating to state and education employees health care coverage; directing the administrator to establish certain bidding processes, reviews, and methods to provide certain information to certain persons and to centralize certain files; requiring certain plan relating to the scope and powers of the Authority; requiring certain transition plan; requiring certain annual business and administration plan; providing for content; providing for personnel; making certain requirements for certain personnel; creating the Oklahoma Health Care Authority Revolving Fund; providing for expenditures and disbursement; amending Sections 2, 4, 5, 6, 7, 8 and 9, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Sections 1-116, 1-118, 1-119, 1-120, 1-121, 1-122 and 1-123), which relate to the Oklahoma Health Care Information System Act; modifying definitions; providing for the transfer of the Division of Health Care Information System at a certain time; providing for the transfer of the rules, funds,

personnel, records, and powers and duties of the Division; modifying the membership of certain Committee; providing for transfer of certain powers and duties; providing for certain vacancies; providing for dissolution of fund; amending Sections 3 and 4, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Sections 1363 and 1364), which relate to the Oklahoma State Employees Benefits Council; modifying definitions; transferring certain duties and responsibilities of the Council to the Authority; directing that certain powers and duties of the Council shall be subject to the Authority in accordance with certain plan; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5003 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Legislature recognizes that the state is a major purchaser of health care services, and the increasing costs of such health care services are posing and will continue to pose a great financial burden on the state. It is the policy of the state to provide comprehensive health care as an employer to state employees and officials and their dependents and to those who are dependent on the state for necessary medical care. It is imperative that the state develop effective and efficient health care delivery systems and strategies for procuring health care services in order for the state to continue to purchase the most comprehensive health care possible.

B. It is therefore incumbent upon the Legislature to establish the Oklahoma Health Care Authority whose purpose shall be to:

1. Purchase state and education employees' health care benefits and Medicaid benefits;

2. Study all state-purchased and state-subsidized health care, alternative health care delivery systems and strategies for the procurement of health care services in order to maximize cost containment in these programs while ensuring access to quality health care; and

3. Make recommendations aimed at minimizing the financial burden which health care poses for the state, its employees and its charges, while at the same time allowing the state to provide the most comprehensive health care possible.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5004 of Title 63, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 14 of this act shall be known and may be cited as the "Oklahoma Health Care Authority Act".

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5005 of Title 63, unless there is created a duplication in numbering, reads as follows:

For purposes of the Oklahoma Health Care Authority Act:

1. "Administrator" means the chief executive officer of the Authority;

2. "Authority" means the Oklahoma Health Care Authority;

3. "Board" means the Oklahoma Health Care Authority Board;

4. "Health services provider" means health insurance carriers, pre-paid health plans, hospitals, physicians and other health care professionals, and other entities who contract with the Authority for the delivery of health care services to state and education employees and persons covered by the state Medicaid program; and

5. "State-purchased health care" or "state-subsidized health care" means medical and health care, pharmaceuticals and medical equipment purchased with or supported by state and federal funds through the Oklahoma Health Care Authority, the Oklahoma Basic Health Benefits Board, the Department of Mental Health and Substance Abuse Services, the Department of Health, the Department of Human Services, the Department of Corrections, the Department of Veterans Affairs, other state agencies administering state-purchased or state-subsidized health care programs, the Oklahoma State Regents, the State Board of Education and local school districts.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5006 of Title 63, unless there is created a duplication in numbering, reads as follows:

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 of this act;

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;

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 submitted by January 1, 1995, by the Governor and the Legislature. In the annual business plan submitted January 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 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5007 of Title 63, unless there is created a duplication in numbering, reads as follows:

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 shall also give consideration to urban, rural, gender and minority representation; and

2. The administrator of the Authority.

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. The administrator shall have the training and experience, 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.

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. 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. 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. The Board and the Authority shall act in accordance with the provisions of the Oklahoma Open Meeting Act, the Oklahoma Open Records Act, and the Administrative Procedures Act.

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 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5008 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The administrator of the 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 Board and enforcement of rules and standards promulgated by the Board;
3. Preparation of the plans, reports and proposals required by the 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 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.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5009 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. On and after July 1, 1993, the Oklahoma Health Care Authority shall be the state entity designated by law to assume the responsibilities for the preparation and development for converting the present delivery of the state's Medicaid program to a managed care system. The system shall emphasize managed care principles, including a capitated, prepaid system with either full or partial capitation, the use of primary care physicians to establish the appropriate type of medical care a Medicaid recipient should receive and an emphasis on preventative care.

B. On and after January 1, 1995, the Authority shall be the designated state agency for the administration of the State Medicaid Program.

1. The Authority shall contract with the Department of Human Services for the determination of Medicaid eligibility and other administrative or operational functions related to the State Medicaid Program as necessary and appropriate.

2. To the extent possible and appropriate, upon the transfer of the administration of the Medicaid program, the Authority shall employ the personnel of the Medical Services Division of the Department of Human Services.

3. The Department of Human Services and the Authority shall jointly prepare a transition plan for the transfer of the administration of the state Medicaid program to the Authority. The transition plan shall include provision for the retraining and reassignment of employees of the Department of Human Services affected by said transfer. The transition plan 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.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5010 of Title 63, unless there is created a duplication in numbering, reads as follows:

The Authority shall analyze the state-purchased and state-subsidized health care programs and explore options for cost containment and delivery alternatives for those programs that are consistent with the purposes of those programs, including, but not limited to:

1. Creation of economic incentives for the persons for whom the state purchases or subsidizes health care to appropriately utilize and purchase health care services, including the development of flexible benefit plans to offset increases in individual financial responsibility;

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

3. Coordination of state agency efforts to purchase drugs effectively;

4. Development of recommendations and methods for purchasing medical equipment and supporting services on a volume discount basis; and

5. Development of data systems to obtain utilization data from state-purchased and state-subsidized health care programs in order

to identify cost centers, utilization patterns, provider and hospital practice patterns, and procedure costs.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5011 of Title 63, unless there is created a duplication in numbering, reads as follows:

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.

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 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 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5012 of Title 63, unless there is created a duplication in numbering, reads as follows:

On or before January 1, 1996, the Authority shall submit plans, recommendations and proposals to the Governor and the Legislature regarding state-purchased and state subsidized health care. Said plans, proposals and recommendations shall include, but not be limited to:

1. A plan for local and regional health planning for health care delivery;
2. A proposal for the containment of health care costs;
3. In collaboration with the Oklahoma State Regents, a proposal for enhancing the number of primary care physicians and physician extenders graduating from schools in Oklahoma and remaining to practice within the state. The plan shall include recommendations for improving access to basic health care through more effective utilization of allied health care professionals and appropriate geographic distribution of physicians and other health care professionals;
4. A plan for facilitating the use of practice parameters based upon outcomes research;
5. A proposal for the utilization of Resource Based-Relative Value System for use as a rate schedule by third-party payors and health care providers; and
6. A plan to reduce liability exposure and expense for all health care providers.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5013 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Authority shall serve as a resource for information on state-purchased and state-subsidized health care access, cost containment and related health issues, and shall:

1. Provide data and information required by the Governor, the Legislature, or its committees, and to state agencies, institutions of higher education and cities, towns, counties and school districts and to private citizens and groups, within the limitations of the resources available to the Authority;
2. Participate with any state agency or institution of higher education in developing specific goals, programs, and performance monitoring systems to assist in the development of health care delivery in this state;
3. Conduct or contract for studies which are related to health care delivery, involving product or process innovation; and
4. Prepare, publish and distribute such studies, reports, bulletins and other materials as it considers appropriate regarding health care studies and other relevant health care topics.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5014 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. On and after July 1, 1994, the Oklahoma Health Care Authority shall assume the duties, powers and responsibilities of the Division of Health Care Information of the State Department of Health and enforcement of the Oklahoma Health Care Information System Act.

B. The following state agencies are directed to cooperate with the Oklahoma Health Care Authority to establish appropriate health

care information systems in their programs. 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, the Department of Corrections, the State Board of Education and the Oklahoma State Regents.

The Authority, in conjunction with these agencies, shall determine:

1. Descriptions of health care services for information purposes;
2. Health care data elements common to all agencies;
3. Health care data elements unique to each agency; and
4. A mechanism for program and budget review of health care data.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5015 of Title 63, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Health Care Authority shall review state-purchased and state-subsidized health care programs and regulatory agencies, including but not limited to medical services within the Department of Mental Health and Substance Abuse Services, the Department of Veterans Affairs, the Department of Human Services, the State Department of Health, the Oklahoma Medical Center, the State Education and Employees Group Insurance Board, the Oklahoma Basic Health Benefits Board, and any other state-purchased and state-subsidized health care programs as deemed appropriate by the administrator, and submit to the Legislature, no later than December 1, 1995, an initial report including, but not limited to:

1. A description of the respective roles of these programs and agencies regarding health care cost containment;
2. A plan to increase the combined efficiency of these programs and agencies to control costs and maintain or improve access to quality care;
3. Methods to ensure coordination between these programs and agencies and the Authority;
4. An analysis of the real and potential impacts of cost shifting; and
5. Recommendations regarding structural changes in the state's current health care delivery system.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5016 of Title 63, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Oklahoma Health Care Authority to be designated the "Oklahoma Health Care Authority Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Authority, from any source. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Authority for any purpose authorized by law. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

SECTION 15. AMENDATORY Section 2, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-116), is amended to read as follows:

Section 1-116. When used in the Oklahoma Health Care Information System Act:

1. "Authority" means the Oklahoma Health Care Authority;
2. "Board" means the State Board of Health;
- ~~2.~~ 3. "Commissioner" means the Commissioner of Health;
- ~~3.~~ 4. "Department" means the State Department of Health;
- ~~4.~~ 5. "Health care providers" means a hospital or related institution licensed pursuant to Section 1-702 of Title 63 of the Oklahoma Statutes and nursing facilities licensed pursuant to Section 1-1903 of Title 63 of the Oklahoma Statutes;
- ~~5.~~ 6. "Third-party payor" means any entity, other than a purchaser, which is responsible for payment either to the purchaser or the health care provider for health care services rendered by the health care provider;
- ~~6.~~ 7. "Public-supported provider" means any public or private entity supported in whole or in part by federal or state funds, or any health care provider contracting with the state for providing health care services including, but not limited to, Medicaid;
- ~~7.~~ 8. "Identifying information" means a program identifying number assigned for purposes of statistical and data analysis, which protects and maintains patient and physician anonymity. Identifying information shall remain confidential as provided in Section ~~6~~ 1-120 of this ~~act~~ title;
- ~~8.~~ 9. "Information providers" means and includes health care providers, third-party payors or public-supported providers required to report or submit information to the Division of Health Care Information pursuant to the Oklahoma Health Care Information System Act;
- ~~9.~~ 10. "Division" means the Division of Health Care Information; and
- ~~10.~~ 11. "Health care information system" means the system for receipt, collection, analysis, evaluation, processing, utilization and dissemination of health care data established and maintained by the Division of Health Care Information pursuant to the Oklahoma Health Care Information System Act.

SECTION 16. AMENDATORY Section 4, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-118), is amended to read as follows:

Section 1-118. A. The Division of Health Care Information is hereby created within the State Department of Health. Effective July 1, 1994, the Division, and all employees, property, records, obligations and encumbrances of the Division shall be transferred to the Oklahoma Health Care Authority.

- B. The Division shall:
  1. Collect health care information from information providers;
  2. Establish and maintain a uniform health care information system;
  3. Analyze health care data submitted;
  4. Provide for dissemination of health care data to users and consumers;
  5. Provide for the training and education of information providers regarding processing and maintenance and methods of reporting required information;
  6. Require that health care data be submitted to the ~~Department~~ Division or its agent by all information providers;
  7. Provide for the exchange of information with other agencies or political subdivisions of this state, the federal government or other states, or agencies thereof;
  8. Contract with other public or private entities for the purpose of collecting, processing or disseminating health care data; and
  9. Build and maintain the data base.

C. 1. The State Board of Health shall adopt rules governing the acquisition, compilation and dissemination of all data collected pursuant to the Oklahoma Health Care Information System Act. The rules adopted by the State Board of Health shall remain in effect until the promulgation of new rules by the Authority.

2. The rules shall include, but not be limited to:

- a. adequate measures to provide system security for all data and information acquired pursuant to the Oklahoma Health Care Information System Act,
- b. adequate procedures to ensure confidentiality of patient records,
- c. charges for users for the cost of data preparation for information that is beyond the routine data disseminated by the office, and
- d. time limits for the submission of data by information providers.

D. The Division shall adopt standard nationally recognized coding systems to ensure quality in receiving and processing data.

E. The Division may contract with an organization for the purpose of data analysis. Any contract or renewal thereof shall be based on the need for, and the feasibility, cost and performance of, services provided by the organization. The Division shall require any data analyzer at a minimum to:

1. Analyze the information; and
2. Prepare policy-related and other analytical reports as

determined necessary for purposes of this act.

F. The Board, until July 1, 1994, and the Authority beginning July 1, 1994, shall have the authority to set fees and charges with regard to the collection and compilation of data requested for special reports, and for the dissemination of data. These funds, if collected pursuant to the authority of the Board, shall be deposited in the Oklahoma Health Care Information System Revolving Fund account. These funds, if collected pursuant to the authority of the Oklahoma Health Care Authority, shall be deposited in the Oklahoma Health Care Authority Revolving Fund.

G. The Division may accept grants or charitable contributions for use in carrying out the functions set forth in the Oklahoma Health Care Information System Act from any source. These funds shall be deposited in the Oklahoma Health Care Information System Revolving Fund account until June 30, 1994, and beginning July 1, 1994, shall be deposited in the Oklahoma Health Care Authority Revolving Fund.

SECTION 17. AMENDATORY Section 5, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-119), is amended to read as follows:

Section 1-119. A. 1. The Division of Health Care Information shall, with the advice of the Health Care Information Advisory Committee and in accordance with the rules of the State Board of Health or successor rules of the Authority, collect health care information from information providers.

2. The information to be collected about information providers may include, but shall not be limited to:

- a. financial information including, but not limited to, consumption of resources to provide services, reimbursement, costs of operation, revenues, assets, liabilities, fund balances, other income, rates, charges, units of service, wage and salary data,
- b. service information including, but not limited to, occupancy, capacity, and special and ancillary services,

- c. physician profiles in the aggregate by clinical specialties and nursing services, and
- ~~e.~~ d. discharge data including, but not limited to, completed discharge data sets or comparable information for each patient discharged from the facility after the effective date of this act.

3. The Division shall establish a phase-in schedule for the collection of health care data. The phase-in schedule shall provide that prior to January 1, 1994, only data currently collected shall be required to be submitted to the Division. Thereafter, in the collection of health care data, the Division shall whenever possible utilize existing health data resources and avoid duplication in the collection of health care data.

4. Except as otherwise authorized by the provisions of the Oklahoma Health Care Information System Act, the provisions of the Oklahoma Health Care Information System Act shall not be construed to lessen or reduce the responsibility of the information provider with regards to:

- a. the accuracy of the data or information submitted,
- b. liability for release of the data or information to the Division, data processor or as otherwise authorized by this section, or
- c. the preservation of confidentiality of such data or information until submitted to the Division.

B. The University of Oklahoma College of Public Health, the Department of Human Services and the Department of Mental Health and Substance Abuse Services are hereby authorized to have access to the health care information system established pursuant to the Oklahoma Health Care Information System Act, in accordance with a mutual interagency agreement between the State Department of Health or the Oklahoma Health Care Authority and each specified entity on an individual basis.

SECTION 18. AMENDATORY Section 6, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-120), is amended to read as follows:

Section 1-120. A. Except as otherwise provided by Section ~~5~~ 1-119 of this ~~act~~ title, the individual forms, computer tapes, or other forms of data collected by and furnished to the Division of Health Care Information or to a data processor pursuant to the Oklahoma Health Care Information System Act shall be confidential and shall not be public records as defined in the Open Records Act, Section 24A.1 et seq. of Title 51 of the Oklahoma Statutes.

B. After approval by the State Department of Health or the Oklahoma Health Care Authority, the compilations prepared for release or dissemination from the data collected, except for a report prepared at the request of an individual data provider containing information concerning only its transactions, shall be public records. The Division shall establish a Health Care Information Advisory Committee as provided in Section ~~8~~ 1-122 of this ~~act~~ title, to assist with determinations related to data collection, and information to be released and disseminated to the public.

C. The confidentiality of identifying information is to be protected and the pertinent statutes, rules and regulations of the State of Oklahoma and of the federal government relative to confidentiality shall apply.

D. Identifying information shall not be disclosed, and shall not be used for any purpose except for the creation and maintenance of anonymous medical case histories for statistical reporting and data analysis.

E. The Division or other state agency receiving information pursuant to the Oklahoma Health Care Information System Act is prohibited from taking any administrative, investigative or other action with respect to any individual on the basis of the identifying information. The Division data analyzer or other state agency receiving information pursuant to the Oklahoma Health Care Information System Act is further prohibited from identifying, directly or indirectly, any individual in any report of scientific research or long-term evaluation, or otherwise disclosing identities in any manner.

F. Except as otherwise authorized by the Oklahoma Health Care Information System Act, identifying information submitted to the Division which would directly or indirectly identify any person shall not be disclosed by the Division either voluntarily or in response to any legal process, unless directed to by a court of competent jurisdiction, granted after application showing good cause therefor with notice of the hearing to the Division. In assessing good cause the court shall only grant such application if it seeks to challenge the statistical efficacy of a finding made by the Division or alleges a violation of confidentiality by the Division. Such application shall then be granted only when the public interest and the need for disclosure outweighs the injury to the person, to the physician-patient relationship, and to the treatment services. Upon the granting of such order, the court, in determining the extent to which any disclosure of all or any part of any record is necessary, shall impose appropriate safeguards against unauthorized disclosure.

G. Any person who submits or receives data as required or authorized by the Oklahoma Health Care Information System Act shall be immune from liability in any civil action for any action taken as required by the provisions of the Oklahoma Health Care Information System Act. This immunity is in addition to any other immunity for the same or similar acts to which the person is otherwise entitled.

SECTION 19. AMENDATORY Section 7, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-121), is amended to read as follows:

Section 1-121. The State Department of Health, until July 1, 1994, and thereafter, the Oklahoma Health Care Authority, shall issue reports no less than annually which may include recommendations to the Oklahoma Legislature for any change in the statutes needed to further the purposes of the Oklahoma Health Care Information System Act. The initial report shall be submitted by January 1, 1993. The initial report shall include but not be limited to an implementation schedule for the development and completion of the health care information system and the status of compliance with the health care information and data submission requirements of the Division. The system shall be fully functional and operative by January 1, 1995. Subsequent reports may include plans for expanding the uniform data base to other medical providers including, but not limited to, all licensed health care professionals or entities providing health care services.

SECTION 20. AMENDATORY Section 8, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-122), is amended to read as follows:

Section 1-122. A. The Commissioner of Health shall appoint a Health Care Information Advisory Committee to advise and assist the Division of Health Care Information with determinations related to data elements to be collected, reporting requirements, and the release and dissemination of information to the public. The membership of the Committee shall remain in office upon the transfer

of the responsibility for the Oklahoma Health Care Information Act to the Oklahoma Health Care Authority. Beginning July 1, 1994, any vacancies in office or additional appointment shall be made by the Authority.

B. The membership of the Health Care Information Advisory Committee shall include, but not be limited to, the following persons or their designees:

1. The president of the Oklahoma State Chamber of Commerce;
  2. The president of the Oklahoma Hospital Association;
  3. The president of the Oklahoma State Medical Association;
  4. The president of the Oklahoma Osteopathic Association;
  5. The president of the Oklahoma AFL-CIO;
  6. The president of a statewide health care consumer coalition;
  7. The president of the Association of Oklahoma Life Insurance Companies; ~~and~~
  8. The president of the Oklahoma Nursing Home Association;
  9. The president of the Oklahoma Pharmaceutical Association;
- and
10. The president of the Oklahoma Dental Association.

C. The Division, with the approval of the Commissioner of Health or the Authority, may appoint health care data technical advisory committees as needed and appropriate to assist in the development of implementation methods and in the interpretation and evaluation of the data received pursuant to the Oklahoma Health Care Information System Act.

SECTION 21. AMENDATORY Section 9, Chapter 347, O.S.L. 1992 (63 O.S. Supp. 1992, Section 1-123), is amended to read as follows:

Section 1-123. There is hereby created in the State Treasury a revolving fund for the State Department of Health to be designated the "Oklahoma Health Care Information System Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of monies received by the Division from state agencies, boards, commissions and institutions and from counties, cities and towns for services rendered or as otherwise provided by law. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Division for the furtherance of the Oklahoma Health Care Information System Act. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment. Effective July 1, 1994, this fund shall be dissolved and all monies therein shall be transferred to the Oklahoma Health Care Authority Revolving Fund.

SECTION 22. AMENDATORY Section 3, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Section 1363), is amended to read as follows:

Section 1363. The following words and phrases as used in this act, unless a different meaning is clearly required by the context, shall have the following meanings:

1. "Authority" means the Oklahoma Health Care Authority;
2. "Basic plan" means the plan that provides the least amount of benefits each participant is required to purchase pursuant to the provisions of the plan. The basic plan shall include only health, dental, disability and life benefits;
- ~~2.~~ 3. "Benefit" means any of the benefits which may be purchased or is required to be purchased under the plan;
- ~~3.~~ 4. "Benefit plan" means the specific terms and conditions regarding a benefit which may be purchased under the plan, including the terms and conditions of any separate plan document, group

insurance policy or administrative services contract entered into by the Council;

~~4.~~ 5. "Benefit price" means the number of flexible benefit dollars needed to purchase a benefit under the plan;

~~5.~~ 6. "Board" means the State and Education Employees Group Insurance Board, as created by the State and Education Employees Group Insurance Act;

~~6.~~ 7. "Code" means the Internal Revenue Code of 1986, as amended, from time to time;

~~7.~~ 8. "Compensation" means the remuneration directly paid to a participating employee by a participating employer exclusive of overtime pay, and longevity pay, calculated prior to and without regard to adjustments arising out of an employee's participation in the plan authorized pursuant to this act, or amounts deferred under the tax sheltered income deferment plans as authorized by Section 1701 et seq. of this title;

~~8.~~ 9. "Council" means the Oklahoma State Employees Benefits Council, as created by this act;

~~9.~~ 10. "Default benefit" means any benefit a participant who fails to make a proper election under the plan shall be deemed to have purchased;

~~10.~~ 11. "Dependent" means a participant's spouse or any of his or her dependents as defined in Code Section 152 and regulations promulgated thereunder;

~~11.~~ 12. "Flexible benefit allowance" means the annual amounts credited by the participating employer for each participant for the purchase of benefits under the plan;

~~12.~~ 13. "Flexible benefit dollars" means the sum of the flexible benefit allowance and pay conversion dollars allocated by a participant pursuant to provisions of the plan;

~~13.~~ 14. "Participant" means any officer or employee of a participating employer who is a member of the Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees Retirement System or the Uniform Retirement System for Justices and Judges, any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least one thousand (1,000) hours of work per year and whose salary and wage is equal to or greater than the hourly wage for state employees as provided in Section 284 of this title, and any employee of a participating employer who is a member of the Teachers' Retirement System of Oklahoma;

~~14.~~ 15. "Participating employer" means any state agency, board, commission, department, institution, authority, officer, bureau, council, office or other entity created by the Oklahoma Constitution or statute that is a participating employer of the Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees Retirement System or the Uniform Retirement System for Justices and Judges, but shall not include any county, county hospital, city or town, conservation district, any private or public trust in which a county, city or town participates and is the primary beneficiary, the State Regents for Higher Education or any institution under the authority of the State Regents for Higher Education, any school district or vocational-technical school district, or political subdivision of the state, but shall include the State Department of Education, the Oklahoma Department of Wildlife Conservation, the Oklahoma Employment Security Commission, the Teachers' Retirement System of Oklahoma and the State Department of Vocational and Technical Education;

~~15.~~ 16. "Pay conversion dollars" means amounts by which a participant elects to reduce his compensation to purchase benefits under the plan;

~~16.~~ 17. "Plan" means the flexible benefits plan authorized pursuant to the State Employees Flexible Benefits Act as modified by the provisions of this act;

~~17.~~ 18. "Plan year" means the twelve-month period commencing on July 1 and ending on the following June 30;

~~18.~~ 19. "Salary Adjustment Agreement" means a written agreement between a participant and participating employer whereby the employer agrees to adjust the salary of the participant by a stated amount or an amount equal to the cost of benefits selected under the plan and the participating employer agrees to contribute such amount to cover certain costs of the benefits selected by the participant to the Council; and

~~19.~~ 20. "Termination" means the termination of a participant's employment as an employee of a participating employer, whether by reasons of discharge, voluntary termination, retirement, death or reduction-in-force.

SECTION 23. AMENDATORY Section 4, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Section 1364), is amended to read as follows:

Section 1364. A. There is hereby created within the Office of Personnel Management, until July 1, 1994, the Oklahoma State Employees Benefits Council. On and after July 1, 1994, the Employees Benefits Council shall be transferred to the Oklahoma Health Care Authority. The powers, duties and responsibilities of the 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 in accordance with the plan adopted pursuant to Section 4 of the Oklahoma Health Care Authority Act.

B. The Oklahoma State Employees Benefits Council shall be composed of the five (5) following individuals:

1. The Administrator of the Office of Personnel Management;
2. Two members appointed by the Governor;
3. One member appointed by the President Pro Tempore of the Senate; and
4. One member appointed by the Speaker of the House of Representatives.

~~B.~~ C. The initial term of office of the members appointed by the Governor shall expire on January 9, 1995. The members thereafter appointed by the Governor shall serve a term of office of four (4) years which is coterminous with the term of office of the office of the appointing authority. The initial term of office of the member appointed by the Speaker of the House of Representatives shall expire on January 11, 1994. The initial term of office of the member appointed by the President Pro Tempore of the State Senate shall expire on January 9, 1996. The members thereafter appointed by the Speaker of the House of Representatives and the President Pro Tempore of the State Senate shall serve a term of office of four (4) years.

~~C.~~ D. No member of the Council shall be a lobbyist registered in this state as provided by law, or be employed, directly or indirectly, by any firm or health care provider under contract to the Council or Board, or any benefit program under its jurisdiction, for any goods or services whatsoever.

~~D.~~ E. Any vacancy that occurs on the Council shall be filled for the unexpired term in the same manner as the office was previously filled.

~~E.~~ F. The general administration and responsibility for the proper design, selection or operation of the benefits offered under the plan and for making effective the provisions of this act are hereby vested in the Council, which shall be organized immediately after a majority of the Council members provided for in this section shall have been qualified and taken the oath of office.

~~F.~~ G. The Council shall at its first meeting elect one of its members as chairman. The chairman shall preside over meetings of the Council and perform such other duties as may be required by the Council. The Council shall elect one of its members to serve as vice-chairman who shall perform the duties of the chairman in the absence of the latter or upon his inability or refusal to act. The Council shall elect one of its members to serve as secretary.

~~G.~~ H. The Council shall hold regular meetings at least once each month in Oklahoma City, the date, time, and place thereof to be fixed by the Council. The Council shall, in July of each year, hold a regular meeting which shall be the annual meeting, at which meeting it shall elect officers.

~~H.~~ I. Special meetings may be called upon written notice by the chairman or by agreement of any three (3) members of the Council. Notice of a special meeting shall be delivered to all members in person or by registered or certified United States mail not less than seven (7) days prior to the date fixed for the meeting; provided, however, that notice of such meeting may be waived by any member either before or after such meeting and attendance at such meeting shall constitute a waiver of notice of such meeting, unless a member participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened.

~~I.~~ J. The majority of the members of the Council shall constitute a quorum for the transaction of business. Each Council member shall be entitled to one vote on the Council. Any official action of the Council must have three (3) votes of the members of the Council present.

~~J.~~ K. All resolutions, proceedings, acts and determinations of the Council shall be recorded and all such records, together with such documents and instruments as may be necessary for the administration of the plan, shall be preserved in the custody of the executive director.

~~K.~~ L. Each member of the Council shall serve without compensation except that each of the Council members shall receive travel expenses in accordance with the State Travel Reimbursement Act.

~~L.~~ M. The Council shall not be subject to the provisions of the Oklahoma Sunset Law, Section 3901 et seq. of this title.

SECTION 24. This act shall become effective July 1, 1993.

Passed the House of Representatives the 27th day of May, 1993.

Speaker of the House of  
Representatives

Passed the Senate the 28th day of May, 1993.

President of the Senate