

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 1675

By: Morgan

AS INTRODUCED

An Act relating to public health and safety; creating the Community Hospitals Authority Act and providing short title; defining terms; declaring purposes; stating findings; requiring continuation of certain subsidies and policies; requiring certain percentage of revenues for certain services; providing for reduction in appropriation; reaffirming powers of the Board of Regents of the University of Oklahoma; providing for continuation of management and control until certain date; transferring the Community Hospitals with all powers, duties, responsibilities, properties, assets, fund balances, encumbrances, obligations, records, personnel and liabilities from the Department of Human Services and the Commission for Human Services to the Community Hospitals Authority; requiring certain agreements; making certain claims and judgments subject to Risk Management Program; exempting transfer from requirement of certificate of need and requiring certificate of need for certain future expansions and changes; requiring operation of Community Hospitals as general hospitals; requiring certain licenses; requiring compliance with certain standards; authorizing participation in certain programs; requiring availability for teaching, training and indigent care; creating the Community Hospitals Authority; providing for membership including appointment, terms of office, qualifications, removal, vacancies, compensation, reimbursement and quorum; requiring compliance with the Oklahoma Ethics Commission Act, the Open Meeting Act and the Open Records Act with certain exceptions; providing powers during transfer; stating powers and duties of the Authority; making Authority subject to the Oklahoma Budget Law of 1947 and requiring budget request documents; making Authority subject to the professional risk management program; providing for continuation of determination of Medicaid eligibility; stating powers and duties of the Community Hospitals Authority; declaring certain agreements and obligations to be for public purposes; providing for transfer of personnel; requiring all employees to be members of certain retirement systems; requiring certain reports and providing for contents and distribution; transferring authority to employ resident physicians; creating the Community Hospitals Trust; providing certain conditions to approval; requiring certain provisions in declaration of trust; requiring submission of contractual agreements to the contingency Review Board for review; providing for disapproval of the

agreement within a certain time period; authorizing the Authority to lease certain real property; providing certain conditions for approval of lease; providing for termination of lease upon certain conditions; creating the Community Hospitals Trust Revolving Fund; providing for codification; providing an effective date; and declaring an emergency.

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 3240.1 of Title 63, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Community Hospitals Authority Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.2 of Title 63, unless there is created a duplication in numbering, reads as follows:

As used in the Community Hospitals Authority Act:

1. "Community Hospitals" include all Tulsa hospitals, the Oklahoma State University College of Osteopathic Medicine, and the University of Oklahoma College of Medicine (Tulsa);
2. "Authority" means the Community Hospitals Authority;
3. "Department" means the Department of Human Services; and
4. "Commission" means the Commission for Human Services.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.3 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The purposes of the Community Hospitals Authority Act are to provide for an effective and efficient administration, to ensure a dependable source of funding, and to effectuate the mission and purposes of the Community Hospitals Authority. The mission and purposes of Community Hospitals are to serve as general hospitals, to serve as teaching and training facilities for students enrolled in the Tulsa area teaching colleges, to serve as a site for

conducting medical and biomedical research by faculty members of the Tulsa area medical colleges, and to provide care for the medically indigent. The Community Hospitals shall maintain a close affiliation with Oklahoma State University, the OSU College of Medicine and the OU College of Medicine (Tulsa) and shall coordinate their operations and activities in a cooperative manner. In addition, the Community Hospitals Authority shall provide indigent and nonindigent patient care, as provided herein.

B. The Legislature finds that the needs of the citizens of this state and the needs of the OSU College of Medicine and the OU College of Medicine (Tulsa) will be best served if the Community Hospitals are operated by a separate Authority charged with the mission of operating or leasing the operations of the teaching hospitals for the benefit of the teaching colleges in the Tulsa area that provide care for the medically indigent.

C. The Community Hospitals Authority, by receiving the assets and operating obligations, shall ensure that the costs of delivering medically indigent care continue to be subsidized in excess of the state reimbursement for the medically indigent, consistent with the teaching hospitals' past policy and performance and that of OSU College of Osteopathic Medicine and the OU College of Medicine (Tulsa). The Authority shall make or cause to be made every reasonable effort to continue the hospitals' historic commitment to the provision of uncompensated care and that the allocation and investment of resources shall be made with a view to maximizing the hospitals' long-term ability to provide uncompensated care, except as may be modified by changes in federal or state law. The Community Hospitals Authority shall ensure that indigent care provided by the University of Oklahoma Medical Center during a fiscal year shall be equal to or exceed one hundred twenty percent (120%) of the annual appropriation to the Community Hospitals Authority for indigent care. The level of indigent care provided

shall be based on Medicare costs as determined by the most recent report filed by the federal Centers for Medicare and Medicaid Services.

D. As used in this section, "indigent care" means charity care, Medicaid contractual allowances, all debt arising from accounts for which there is no third-party coverage including services provided to the Department of Corrections pursuant to Section 3-701 of Title 43A of the Oklahoma Statutes and Department of Mental Health and Substance Abuse Services as otherwise required by law. For purposes of this subsection, third-party coverage shall not include Medicaid coverage.

E. The Board of Regents of the OSU College of Osteopathic Medicine and the OU College of Medicine (Tulsa) shall retain full power to govern the personnel, curriculum and facilities of the OSU College of Osteopathic Medicine and the OU College of Medicine (Tulsa).

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.4 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Until July 1, 2003, the Community Hospitals shall be under the jurisdiction, supervision, management and control of the Department of Human Services and the Commission for Human Services.

B. Effective July 1, 2003, the Community Hospitals are hereby transferred from the Department of Human Services and the Commission for Human Services to the Community Hospitals Authority.

C. The transfer shall include:

1. All powers, duties, responsibilities, properties, assets, fund balances, encumbrances, obligations, records, personnel and liabilities, including, but not limited to, liability for all Community Hospitals employees' sick leave, annual leave, holidays, unemployment benefits and workers' compensation benefits accruing to employees prior to July 1, 2003, which are attributable to the

Community Hospitals; provided, however, that any claims arising under The Governmental Tort Claims Act and filed prior to July 1, 2003, and from any other actions filed prior to July 1, 2003, shall remain the responsibility of the Department of Human Services and the Commission for Human Services. All claims arising prior to July 1, 2003 and for which no action has been filed shall be paid by the Risk Management Program; and

2. The attorney employed by the Department of Human Services who provides legal representation for the Community Hospitals Authority facilities. The Authority shall make such attorney available, at the request of the Department, for purposes of resolving and terminating any claims arising from alleged medical malpractice and other actions filed prior to July 1, 2003. The Authority and the Department of Human Services shall enter into an interagency agreement for the purpose of assisting the Department in resolving claims and other actions.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.5 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The transfer of the Community Hospitals from the Commission for Human Services and the Department of Human Services shall not require a Certificate of Need pursuant to the provisions of Sections 2651 through 2656.2 of Title 63 of the Oklahoma Statutes; provided, however, that any expansion or change to the Community Hospitals requiring a Certificate of Need after such transfer shall be subject to the provisions of Sections 2651 through 2656.2 of Title 63 of the Oklahoma Statutes.

B. 1. Community Hospitals shall be operated as general hospitals and shall be licensed by the State Commissioner of Health, and shall, as far as possible, meet the standards, requirements and essentials of the Joint Commission on Accreditation of Health Care Organizations, the American Medical Association's Council on Medical

Education, the American Specialty Boards and the Association of American Medical Colleges.

2. The Community Hospitals may provide services and receive payments therefor under Titles XVIII and XIX of the federal Social Security Act, and may participate in other federal medical programs.

3. Community Hospitals shall be available as teaching and training hospitals for the colleges of the Oklahoma State University, the College of Medicine of the University of Oklahoma, and other health and educational facilities, and shall provide indigent patient care.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.6 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Community Hospitals Authority, an agency of the State of Oklahoma, a body corporate and politic, with powers of government and with the authority to exercise the rights, privileges and functions as specified in the Community Hospitals Authority Act. The Community Hospitals Authority is an agency of the State of Oklahoma covered by the Governmental Tort Claims Act.

B. The Authority shall consist of seven (7) members as follows:

1. One member shall be appointed by the Governor, with the advice and consent of the Senate;

2. One member shall be appointed by the President Pro Tempore of the Senate;

3. One member shall be appointed by the Speaker of the House of Representatives;

4. One member shall be the Administrator of the Oklahoma Health Care Authority or the director of the successor organization responsible for Medicaid, or a designee;

5. One member shall be the Provost of the Oklahoma State University College of Osteopathic Medicine;

6. One member shall be the Provost of the University of Oklahoma College of Medicine (Tulsa); and

7. The Chief Executive Officer of the Community Hospitals Authority who shall be an ex officio, nonvoting member.

C. All members shall be appointed by June 1, 2003. Of the members of the Authority initially appointed, the member appointed by the Governor shall serve a term of one (1) year; the member appointed by the Speaker of the House of Representatives shall serve a term of two (2) years; and the member appointed by the President Pro Tempore of the Senate shall serve a term of three (3) years. Successors shall be appointed for terms of three (3) years.

D. Each member of the Authority, prior to appointment, shall be a resident of the state and a qualified elector.

E. Members shall be removable only for cause by the appointing authority. Any vacancy occurring on the Authority shall be filled by the original appointing authority.

F. The members of the Authority shall serve without compensation but may be reimbursed for all actual and necessary travel expenses incurred in performance of their duties in accordance with the provisions of the State Travel Reimbursement Act.

G. All members of the Authority and administrative personnel of the Authority shall be subject to the provisions of the Oklahoma Ethics Commission Act.

H. A quorum of the Authority shall be three (3) voting members. Members shall elect a chair and vice-chair for the Authority from among its members. The chair must be an appointed member of the Authority.

I. The Authority shall be subject to the provisions of the Oklahoma Open Meeting Act and the Oklahoma Open Records Act, except as otherwise provided by this act. Any information submitted to or compiled by the Authority except for budgetary information related

to appropriations or the appropriations process with respect to the marketing plans, financial statements, trade secrets, research concepts, methods or products, or any other proprietary information of the Authority, persons, firms, associations, partnerships, agencies, corporations, institutions of higher education, nonprofit research institutions or other entities shall be confidential, except to the extent that the person or entity which provided such information or which is the subject of such information consents to disclosure. Executive sessions may be held to discuss such materials if deemed necessary by the Authority.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.7 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. On and after June 1, 2003, and until July 1, 2003, in order to effectuate the transfer of the Community Hospitals from the Commission for Human Services and the Department of Human Services to the Community Hospitals Authority, the Authority shall have the power and duty to:

1. Adopt bylaws and promulgate rules for the regulation of its affairs and the conduct of its business;
2. Adopt an official seal;
3. Maintain an office at the Community Hospitals;
4. Make and enter into all contracts necessary or incidental to the performance of its duties and the execution of its powers pursuant to The Community Hospitals Authority Act;
5. Appoint such officers, agents and employees, including but not limited to attorneys, as it deems necessary to implement the provisions of this subsection to prescribe their duties and to fix their compensation; and
6. Establish petty cash funds and provide for appropriate accounting procedures and controls.

B. On and after July 1, 2003, the Authority shall have the power and duty to:

1. Adopt bylaws and promulgate rules for the regulation of its affairs and the conduct of its business;

2. Adopt an official seal;

3. Maintain an office at the Community Hospitals;

4. Sue and be sued, subject to the provisions of The Governmental Tort Claims Act;

5. Establish rates of payment for hospital and clinical services, which shall provide for exceptions and adjustments in cases where the recipients of services are unable to pay and for whom no third-party source of payment is available, and to establish different rates of payment for indigent and nonindigent care;

6. Enter into cooperative agreements with the Board of Regents of the Oklahoma State University and the University of Oklahoma for educational programs, professional staffing, research and other medical activities;

7. Make and enter into all contracts necessary or incidental to the performance of its duties and the execution of its powers pursuant to the Community Hospitals Authority Act;

8. Purchase or lease equipment, furniture, materials and supplies, and incur such other expenses as may be necessary to maintain and operate the hospitals or clinics, or to discharge its duties and responsibilities or to make any of its powers effective;

9. Acquire by purchase, lease, gift, or by any other manner, and to maintain, use and operate or to contract for the maintenance, use and operation of or lease of any and all property of any kind, real, personal, or mixed or any interest therein unless otherwise provided by the Community Hospitals Authority Act;

10. Appoint such officers, agents and employees, including but not limited to attorneys, as it deems necessary to operate and maintain the Community Hospitals and to prescribe their duties and

to fix their compensation. The Authority shall employ and fix the duties and compensation of an administrator of the hospitals;

11. Accept grants from the United States of America, or from any corporation or agency created or designed by the United States of America, and, in connection with any such grant, to enter into such agreements as the United States of America or such corporation or agency may require;

12. Make and issue bonds and to pledge revenues of the Authority subject to the Oklahoma Bond Oversight and Reform Act. Nothing in the Community Hospitals Authority Act shall authorize the issuance of any bonds of the Authority payable other than from revenues of the Community Hospitals. Funds appropriated to the Community Hospitals shall not be used for issuance of bonds. Authority revenue bonds issued under the provisions of this act shall not at any time be deemed to constitute a debt of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any political subdivision, but such bonds shall be payable solely from the funds herein provided. Such revenue bonds shall contain on the face thereof a statement to the effect that neither the state nor the Authority shall be obligated to pay the same or the interest thereon except from the revenues of the project or projects for which they are issued and that neither the faith and credit nor the taxing power of the state or any political subdivision thereof is pledged, or may hereafter be pledged, to the payment of the principal of or the interest on such bonds. The maximum amount of outstanding bonds at any time shall not exceed Fifty Million Dollars (\$50,000,000.00) unless a greater amount is expressly approved by the Legislature by a concurrent resolution adopted prior to commencing any action in anticipation of issuance of revenue bonds of the Community Hospitals Authority for the greater amount;

13. Provide for complete financial audits on all accounts of the Community Hospitals Authority and to authorize periodic audits by an independent external auditing agency. Such audits to be performed annually in a format approved by the State Auditor and Inspector and all such audits shall be submitted to the State Auditor and Inspector for review. Such audits shall be made in accordance with generally accepted auditing standards and government auditing standards. Financial statements shall be prepared in accordance with generally accepted accounting principals. In addition to the audits, the State Auditor and Inspector, whenever the State Auditor deems it appropriate, and at least once each five (5) years, or upon receipt of a request to do so from the Governor, the Attorney General, the President Pro Tempore of the Senate, the Speaker of the House of Representatives or the Authority shall conduct a special audit of the Authority and the Community Hospitals;

14. Engage in long-term planning for the operation and management of the Community Hospitals;

15. Establish petty cash funds and provide for appropriate accounting procedures and controls;

16. Contract with national manufacturers and distributors of drugs and medical supplies when appropriate to carry out the purposes of this act;

17. Do all other things necessary and proper to implement the provisions of the Community Hospitals Authority Act;

18. Waive, by such means as the Authority deems appropriate, the exemption from federal income taxation of interest on the Authority's bonds provided by the Internal Revenue Code of 1986, as amended, or any other federal statute providing a similar exemption; and

19. Arrange for guaranties or insurance of its bonds by the federal government or by any private insurer, and to pay any premiums therefor.

C. The Community Hospitals Authority and the Community Hospitals shall be subject to the Oklahoma Budget Law of 1947, Section 41.1 et seq. of Title 62 of the Oklahoma Statutes.

D. The Authority shall prepare monthly a "budget vs. actual" report which shows by budget activity the monthly and year-to-date revenues and expenditures compared to budgeted revenues and expenditures. Such report shall be submitted to the Office of State Finance and to the Directors of the House of Representatives Fiscal Division and the Senate Fiscal Division.

E. The Authority shall be subject to the professional risk management program provided for in Section 85.58A of Title 74 of the Oklahoma Statutes.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.8 of Title 63, unless there is created a duplication in numbering, reads as follows:

The Department of Human Services or the successor entity responsible for Medicaid eligibility determination shall continue to determine eligibility criteria and standards for Medicaid recipients and indigents and continue to staff a Medicaid eligibility office at the Community Hospitals.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.9 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Effective July 1, 2003, the Community Hospitals, subject to the direction of the Community Hospitals Authority, shall have the authority to:

1. Enter into agreements and cooperative ventures with other health care providers to share services or to provide a benefit to the hospitals;

2. Make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers pursuant to the Community Hospitals Authority Act;

3. Join or sponsor membership in organizations or associations intended to benefit the hospitals;

4. Have members of its governing body or its officers or administrators serve without pay as directors or officers of any organization, association or cooperative ventures authorized pursuant to the Community Hospitals Authority Act; and

5. Offer, directly or indirectly, products and services of the hospitals, any cooperative venture or organization to the general public.

B. All agreements and obligations undertaken, as permitted under this section, by the Community Hospitals Authority shall be for a public purpose. In addition to any other limitations, conditions or restrictions provided by law, the following conditions shall apply to contractual agreements entered into pursuant to this section:

1. Private and public funds shall be accounted for separately; and

2. The state does not assume any liability for private entities.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.10 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Employees of the Community Hospitals who are in the classified service of the State Merit System of Personnel Administration on June 30, 2003, shall be transferred to the Community Hospitals Authority without change or loss of pay, seniority, rights, privileges or benefits.

B. Employees of the Community Hospitals who are in the unclassified service of the State Merit System of Personnel

Administration on June 30, 2003, shall be transferred to the Authority without change or loss of pay, seniority, rights, privileges or benefits.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.11 of Title 63, unless there is created a duplication in numbering, reads as follows:

All employees of the Community Hospitals Authority shall be members of the Oklahoma Public Employees Retirement System or the Teachers' Retirement System of Oklahoma as appropriate.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.12 of Title 63, unless there is created a duplication in numbering, reads as follows:

Bonds issued pursuant to provisions of the Community Hospitals Authority Act are hereby made securities in which all public officers and public boards, agencies and instrumentalities of the state and its political subdivisions, all banks, trust companies, trust and loan associations, investment companies, and others carrying on a banking business, and all insurance companies and insurance associations, and others carrying on an insurance business, may legally and properly invest. Such bonds are also approved as collateral security for the deposit of any public funds and for the investment of trust funds.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.13 of Title 63, unless there is created a duplication in numbering, reads as follows:

The Community Hospitals Authority shall submit an annual report to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Such report shall be submitted in accordance with the requirements for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes, and shall include an account of the operations and actions of the Authority and an accounting of all revenue received and

disbursed by the Authority for the previous fiscal year. The report shall include an accounting of expenses related to each of the following:

1. Education and training of students of the University of Oklahoma, resident physicians and others;
2. Care and treatment of indigents for whom the Authority receives any form of state or federal reimbursement; and
3. Research.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.14 of Title 63, unless there is created a duplication in numbering, reads as follows:

The Community Hospitals Authority is authorized to place resident physicians of the OSU College of Osteopathic Medicine of the University of Oklahoma College of Medicine (Tulsa) on the Community Hospitals Authority payroll, and is further authorized to acquire through the Purchasing Division of the Department of Central Services health, life, and dental insurance for such residents. Such residents shall not be considered employees of the Authority and shall not be eligible to participate in the Oklahoma Public Employees Retirement System. This section shall not preclude the right of the Community Hospitals Authority to terminate, for cause, the practicing privileges of any resident physician within the Community Hospitals Authority.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.15 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The State of Oklahoma expressly approves the creation of a public trust to be denominated the "Community Hospitals Trust", of which the State of Oklahoma shall be the beneficiary, provided such approval shall be contingent upon the following conditions being satisfied:

1. Finalizing of the Declaration of Trust;

2. Adoption of the Declaration of Trust by an official action of the trustees of the Trust;

3. Submission of the Trust for acceptance of the beneficial interest and approval as required by Section 177 of Title 60 of the Oklahoma Statutes; and

4. The approved Declaration of Trust shall:

- a. clearly state that the principal purpose of the Community Hospitals Trust is to effectuate the purposes of the Community Hospitals Authority as established in the Community Hospitals Authority Act,
- b. except as otherwise provided by law, provide that the fee simple title to real property held by the Community Hospitals Authority shall not be transferred, conveyed, or assigned to the Community Hospitals Trust without the express consent of the Legislature as the governing entity of the beneficiary pursuant to Section 176 of Title 60 of the Oklahoma Statutes,
- c. provide that any indebtedness incurred by the Community Hospitals Trust or the trustees of the Trust shall not be secured with or create a lien upon real property to which title is held by the Community Hospitals Authority and shall not involve the bonding capacity of the Community Hospitals Authority,
- d. provide that the trust estate of the Community Hospitals Trust shall not include fee simple title to real property owned by the Community Hospitals Authority,
- e. clearly state that the creation of the Community Hospitals Trust shall not in any way reduce, limit or interfere with the power granted to the Community

Hospitals Authority in the Community Hospitals
Authority Act,

- f. provide that any lease or contractual agreement involving use of the real property to which title is held by the Community Hospitals Authority and any improvements thereto shall contain a provision and covenants requiring the proper maintenance and upkeep of the real property and improvements,
- g. provide that the trustees of the Community Hospitals Trust shall be the acting members of the Community Hospitals Authority as provided in the Community Hospitals Authority Act, and
- h. provide that the trustees of the Community Hospitals Trust shall have the duty to submit an annual report to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and members of the Task Force created by subsection D of this section. The report shall be submitted by January 1 of each year and shall include an account of all operations, actions of the Trust, account of all revenue received and disbursed by the Trust for the previous fiscal year. The report shall also provide a complete accounting of how the Trust meets its primary function of effectuating the purposes of the Community Hospitals Authority, as established in the Community Hospitals Authority Act. The Trust shall meet with the Task Force created in subsection D of this section to review the contents of the annual report.

B. The Community Hospitals Trust shall require any agreements which it enters into with any entity pursuant to Section 3226 of Title 63 of the Oklahoma Statutes for the operations of facilities

leased by the Community Hospitals Authority to the Trust to include, but not be limited to:

1. The inclusion of four of the five members of the Trust as four of the five members representing the State of Oklahoma as state appointees to the governing committee created pursuant to a proposed agreement;

2. Binding arbitration shall not be involved in such agreements for resolving issues under consideration by the governing committee; and

3. Major decisions shall be resolved by the governing committee, and approval of any major decision by the governing committee must include the approval of a majority of the state appointees and the approval of a majority of the members of the private entity appointees to the governing committee. Major decisions shall include:

- a. approval of the annual operating and capital budgets,
- b. sale or disposition of assets that individually have a fair market value over Two Hundred Fifty Thousand Dollars (\$250,000.00),
- c. the termination or transfer or material addition or material diminution of medical services, and
- d. other major decisions as may be agreed upon by the Trust and the private entity.

C. To the extent it is determined by legislative enactment that the Trust has expended funds in contravention of its mission as set forth in this section, the Trust shall remit, upon thirty (30) days' written notice from the Community Hospitals Authority, such sum or sums to the Community Hospitals Authority.

D. There is hereby created the "Community Hospitals Trust Legislative Advisory Task Force".

1. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint three legislators

from their respective legislative bodies, provided that they shall each appoint one member from the minority party.

2. The chair and vice-chair position shall rotate between the Senate and the House of Representatives, provided that the President Pro Tempore of the Senate shall appoint the initial chair whose term shall expire on the first day of the First Regular Session of the Forty-ninth Oklahoma Legislature. The chair and vice-chair shall rotate on the first day of the first regular sessions of subsequent legislatures.

3. Members of the Task Force shall be reimbursed by their respective legislative bodies for necessary duties related to the Task Force pursuant to Section 456 of Title 74 of the Oklahoma Statutes.

4. The purpose of the Task Force is to provide a means of communication between the Legislature and the Community Hospitals Trust. The Trust shall invite members to attend meetings of the Trust. Task Force members shall be able to participate in discussions of the Trust in an advisory capacity.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.16 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Contingent upon the creation of the Community Hospitals Trust as provided in Section 15 of this act, the Trust, prior to acceptance, shall submit to the Contingency Review Board for review the proposed agreement regarding the lease and operations of the Community Hospitals to any entity authorized to transact business in the state and an independent statement as to the fairness of the proposed agreement for the State of Oklahoma. The Contingency Review Board shall upon receipt of the proposed agreement meet within fifteen (15) business days to review the proposed agreement; and unless the Contingency Review Board disapproves the proposed agreement, the proposed agreement may be executed, but no lease of

the Community Hospitals shall become effective until after Supreme Court approval pursuant to subsection B of this section.

B. 1. If a proposed agreement is not disapproved by the Contingency Review Board pursuant to subsection A of this section, the Community Hospitals Authority and Community Hospitals Trust, within thirty (30) calendar days after the time for Contingency Review Board action has expired, may file a petition with the Supreme Court of Oklahoma for a declaratory judgment determining the validity of the proposed agreement. The review of the Court shall be based upon the exercise of any of the powers, rights, privileges, and functions conferred upon the Authority or the Community Hospitals Trust, as applicable, under the Community Hospitals Authority Act and Oklahoma laws. Exclusive original jurisdiction is conferred upon the Supreme Court to hear and determine such petitions. The Supreme Court shall give such petitions precedence over other business of the Court except habeas corpus proceedings.

2. Notice of the hearing of such a petition shall be given by a notice published in a newspaper of general circulation in this state that on a day specified the Supreme Court will hear the petition to approve the proposed agreement and enter a declaratory judgment. The notice shall be published one time not less than ten (10) days prior to the date specified for the hearing. The notice shall inform property owners, taxpayers, citizens, and all persons having or claiming any right, title, or interest in the proposed agreement or properties or funds to be affected by the implementation of the proposed agreement, or affected in any way thereby, that they may file protests against the approval of the proposed agreement, and be present at the hearing to contest the legality of the proposed agreement. The hearing may be adjourned from time to time at the discretion of the Court.

3. If the Court is satisfied that the proposed agreement is in accordance with the Community Hospitals Authority Act and Oklahoma

laws, the Court shall enter a declaratory judgment approving and declaring the proposed agreement to be valid and conclusive as to the Authority, the Trust, and all other parties to the proposed agreement; and, upon petition of the Authority, shall issue an order permanently enjoining all persons described in the notice required by this subsection from thereafter instituting any action or proceeding contesting the validity of the proposed agreement. A declaratory judgment rendered pursuant to this subsection shall have the force and effect of a final judgment or decree and shall be incontestable in any court in this state.

4. As used in the Community Hospitals Authority Act, "proposed agreement" means one or more contracts regarding the lease and operations of the Community Hospitals and all other agreements contemplated by or referred to in the contract regarding such lease and operations.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.17 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Contingent upon the creation of the Community Hospitals Trust as provided in Section 15 of this act, the Community Hospitals Authority is hereby authorized to lease, for a term of not more than fifty (50) years, renewable at the option of the Authority, all real property known as the Community Hospitals and any other sites under the control of the Authority to the Community Hospitals Trust. Any lease agreement made pursuant to this section shall be contingent upon:

1. Prior review by the Attorney General of any contractual agreement between the Community Hospitals Trust and any entity authorized to transact business in the State of Oklahoma regarding the lease and operations of the Community Hospitals. The Attorney General shall disapprove the agreement if it is determined that provisions of the agreement are not consistent with state law; and

2. The execution of an operating and lease agreement between the Community Hospitals Trust and any entity authorized to transact business in the State of Oklahoma.

B. Concurrent with the execution of a lease of real property from the Community Hospitals Authority to the Community Hospitals Trust as provided in subsection A of this section, the Authority is authorized to transfer title to and possession of all tangible and intangible personal property under its control to the Trust. In any contractual agreement regarding the lease and operations of the Community Hospitals between the Community Hospitals Trust and any entity authorized to transact business in the State of Oklahoma, the Trust is authorized to sell or otherwise convey to such entity all tangible and intangible personal property the Trust may receive from the Community Hospitals Authority. Any contract or other agreement which purports to exercise the powers authorized by this subsection is subject to review by the Contingency Review Board, as specified in Section 3225 of Title 63 of the Oklahoma Statutes.

C. If a contracting entity fails to take possession of the leased premises or abandons or surrenders possession of the leased premises, other than to a state agency, at any time during the term of the lease between the Community Hospitals Trust and the contracting entity, the interest in the real property leased to the Community Hospitals Trust by the Community Hospitals Authority shall revert to and be the sole and exclusive property of the Community Hospitals Authority.

D. Contingent upon the execution of an agreement between the Community Hospitals Trust and any entity authorized to transact business in the State of Oklahoma, as specified in subsection A of this section, the Community Hospitals Authority is authorized to enter into an agreement for such entity to provide indigent care services and perform other related duties imposed upon the Community Hospitals Authority by law. Such an agreement between the Community

Hospitals Authority and such entity is exempt from the requirements of the Oklahoma Central Purchasing Act and any rules adopted by the Community Hospitals Authority pursuant to the Administrative Procedures Act.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3240.18 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 Community Hospitals Trust to be designated the "Community Hospitals Trust Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of appropriated revenues. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Community Hospitals Trust.

SECTION 19. This act shall become effective July 1, 2002.

SECTION 20. It being immediately necessary for the preservation of the public peace, health and safety, an emergency 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.

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