

STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

CONFERENCE COMMITTEE
SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2667

By: Askins of the House

and

Monson of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to public health and safety; amending 63 O.S. 2001, Section 1-702b, as amended by Section 1, Chapter 227, O.S.L. 2003 (63 O.S. Supp. 2003, Section 1-702b), which relates to hospitals and related institutions; extending time periods for submission of certain information and assessment of certain fees; providing for determination of certain variables; prohibiting certain calculation; providing for certain calculations; designating new fund for deposits; creating the Uncompensated Care Equalization Committee and stating purpose; providing for composition of Committee; requiring recommendations to the Legislature by certain date; creating the Uncompensated Care Equalization Revolving Fund; providing for deposits and expenditures; providing for codification; and declaring an emergency.

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

SECTION 1. AMENDATORY 63 O.S. 2001, Section 1-702b, as amended by Section 1, Chapter 227, O.S.L. 2003 (63 O.S. Supp. 2003, Section 1-702b), is amended to read as follows:

Section 1-702b. A. Any hospital, specialty hospital or ambulatory surgery center which has not received approval to construct a new facility from the State Commissioner of Health by July 1, ~~1999~~ 2006, shall ~~be required to~~ provide, and shall furnish annually, written verification in such a manner as is required by the Commissioner that at least thirty percent (30%) of its annual net revenues are from:

1. ~~Net revenues from~~ Medicare and/or Medicaid, with allowances for uncompensated care; and

2. Oklahoma state corporate tax contributions.

B. 1. Within ninety (90) days following the conclusion of a facility's fiscal year, the facility shall furnish to the Commissioner necessary documentation of compliance with the thirty percent (30%) threshold as specified in ~~this section~~ subsection A of this section. The Commissioner may request and obtain certified copies of the facility's Medicare cost report and/or audited financial statements or any other documents as necessary to verify information provided by the facility.

2. ~~For facilities~~ Facilities not meeting the thirty percent (30%) threshold, shall be assessed for the difference borne from an equitable assessment.

3. In no instance shall the fee exceed thirty percent (30%) of a facility's total annual net revenue.

4. The Commissioner shall bill each facility determined to owe a fee. ~~Fees collected by the Commissioner shall be deposited into the Trauma Care Assistance Revolving Fund as established by Section 1-2522 of this title and shall not be used for any other purpose other than described in that section~~ shall not be calculated prior to the effective date of this act and shall be prospective only. Fees collected by the Commissioner shall be deposited into the Uncompensated Care Equalization Revolving Fund as established in Section 3 of this act.

C. Failure of a facility to report to the Commissioner within the reporting period shall be grounds for termination of operating license. Failure of a facility to pay the assessed fee shall be grounds for termination of operating license. A grievance procedure policy will be implemented by rules established by the State Board of Health.

D. The Board shall promulgate rules for the implementation and enforcement of this section.

E. For purposes of this section:

1. "Uncompensated care" means care provided for which no payment was expected to be received from the patient or insurer. Uncompensated care is the sum of a facility's charity care costs;

2. "Charity care" means care for which a facility never expected to be reimbursed;

3. "Cost" is determined by current Medicare cost-to-charge ratio methods;

4. "Net revenues" means gross patient care revenues less contractual adjustments; and

5. "Tax contributions" means federal and Oklahoma corporate taxes and state property taxes paid by a facility doing business in Oklahoma. Parent or subsidiary companies, whether in state or out of state, are excluded. Sales tax credit for inclusion in this formula is prohibited.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1-702d of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the "Uncompensated Care Equalization Committee". The purpose of the Committee shall be to develop a formula to equalize the financial burden of uncompensated care. For purposes of this section, the formula to equalize the financial burden of uncompensated care shall take into account the capacity of a facility, including number of beds, staffing composition, services offered, any other specific sources of income, the level of uncompensated care, any other variable that affects the operating costs of the facility, and any other such factors as determined by the Uncompensated Care Equalization Committee.

B. The Uncompensated Care Equalization Committee shall be composed of members appointed by the Governor as follows:

1. One member of the Oklahoma House of Representatives;
2. One member of the State Senate;
3. One member of a statewide organization representing rural and urban hospitals;
4. One member of a statewide organization representing ambulatory surgery centers and specialty hospitals; and
5. One member representing a hospital primarily engaged in the practice of orthopedic medicine and/or neurosurgery.

C. The Committee shall make its recommendations to the Legislature on or before February 1, 2006.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1-702e 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 to be designated the "Uncompensated Care Equalization Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of monies available to the State Department of Health pursuant to Section 1-702b of Title 63 of the Oklahoma Statutes. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the State Department of Health as authorized by law. The Department shall ensure that all monies deposited into the fund are matched with federal dollars whenever possible.

SECTION 4. 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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