

1 THE STATE SENATE
2 Tuesday, February 25, 2003

3 Senate Bill No. 620

4 SENATE BILL NO. 620 - By: MONSON of the Senate and ASKINS of the
5 House.

6 An Act relating to public health and safety; amending 63
7 O.S. 2001, Section 1-702b, which relates to hospitals and
8 related institutions; modifying method of verifying certain
9 revenues; modifying definitions; and providing an effective
10 date.

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

12 SECTION 1. AMENDATORY 63 O.S. 2001, Section 1-702b, is
13 amended to read as follows:

14 Section 1-702b. A. Any hospital, specialty hospital or
15 ambulatory surgery center which has not received approval to
16 construct a new facility from the State Commissioner of Health by
17 ~~the effective date of this act~~ July 1, 1999, shall be required to
18 provide, and shall furnish annually, written verification as
19 evidenced by a Medicare cost report and/or audited financial
20 statements to the Commissioner that at least thirty percent (30%) of
21 its annual gross revenues are from Medicare, Medicaid, credit for
22 the cost of uncompensated care, and/or Oklahoma state corporate tax
23 contributions.

24 B. 1. Within ninety (90) days following the conclusion of a
25 facility's fiscal year, the facility shall furnish to the

1 Commissioner necessary documentation of compliance with the thirty
2 percent (30%) threshold as specified in this section.

3 2. For facilities not meeting the thirty percent (30%)
4 threshold, a fee shall be assessed for the difference. In no
5 instance shall the fee exceed thirty percent (30%) of a facility's
6 total annual gross revenue. The Commissioner shall bill each
7 facility determined to owe a fee. Fees collected by the
8 Commissioner shall be deposited into an uncompensated care fund.
9 Disbursement from the fund shall be made to facilities that exceed
10 the thirty percent (30%) threshold.

11 C. 1. On an annual basis, the Commissioner shall distribute
12 the balance of the fund to facilities on a pro rata share determined
13 by the uncompensated care percentages reported by facilities for the
14 last reported fiscal year.

15 2. No portion of uncompensated care fund shall be used for any
16 purpose other than described in this section.

17 3. Any money remaining in the fund at the end of the state's
18 fiscal year shall not revert to the General Fund.

19 D. Failure of a facility to report to the Commissioner within
20 the reporting period shall be grounds for termination of operating
21 license. Failure of a facility to pay the assessed fee shall be
22 grounds for termination of operating license. A grievance procedure

1 policy will be implemented by rules established by the ~~Commissioner~~
2 State Board of Health.

3 E. For purposes of this section:

4 1. "Uncompensated care" means care provided for which no
5 payment was received from the patient or insurer. Uncompensated
6 care is the sum of a facility's bad debt and charity care;

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

9 3. "Cost" is determined by current Medicare cost to charge
10 ratio; and

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

16 SECTION 2. This act shall become effective November 1, 2003.

17 COMMITTEE REPORT BY: COMMITTEE ON HUMAN RESOURCES, dated 2-20-03 -
18 DO PASS, As Coauthored.