ENROLLED HOUSE
BILL NO. 1327

By: Askins, Morrissette, Piatt, Wilt and Lindley of the House

and

Monson of the Senate

An Act relating to public health and safety; amending 63 O.S. 2001, Section 1-702b, as last amended by Section 1, Chapter 431, O.S.L. 2004 (10 O.S. Supp. 2004, Section 1-702b), which relates to hospitals and related institutions; extending certain deadlines; amending Section 2, Chapter 431, O.S.L. 2004 (63 O.S. Supp. 2004, Section 1-702d), which relates to Uncompensated Care Equalization Committee; modifying date for submission of recommendations to the Legislature; and providing an effective date.

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 431, O.S.L. 2004 (63 O.S. Supp. 2004, 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, ~~2006~~ 2007, shall 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. 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 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. 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 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. AMENDATORY Section 2, Chapter 431, O.S.L. 2004 (63 O.S. Supp. 2004, Section 1-702d), is amended to read as follows:

Section 1-702d. 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~~ 2007.

SECTION 3. This act shall become effective November 1, 2005.

Passed the House of Representatives the 25th day of May, 2005.

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Presiding Officer of the House of Representatives

Passed the Senate the 26th day of May, 2005.

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Presiding Officer of the Senate