

EHB 2465

THE STATE SENATE
Tuesday, April 11, 2006

ENGROSSED
House Bill No. 2465
As Amended

ENGROSSED HOUSE BILL NO. 2465 - By: ASKINS of the House and GUMM of the Senate.

[public health and safety - hospitals and related institutions - Uncompensated Care Equalization Committee-effective date]

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

SECTION 1. AMENDATORY 63 O.S. 2001, Section 1-702b, as last amended by Section 1, Chapter 376, O.S.L. 2005 (63 O.S. Supp. 2005, 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, ~~2007~~ 2008, 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.

(Bold face denotes Committee Amendments)

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

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

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

14 4. The Commissioner shall bill each facility determined to owe
15 a fee. Fees shall not be calculated prior to the effective date of
16 this act and shall be prospective only. Fees collected by the
17 Commissioner shall be deposited into the Uncompensated Care
18 Equalization Revolving Fund as established in Section 3 of this act.

19 C. 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 State Board
2 of Health.

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

5 E. For purposes of this section:

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

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

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

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

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

20 SECTION 2. AMENDATORY Section 2, Chapter 431, O.S.L.
21 2004, as amended by Section 2, Chapter 376, O.S.L. 2005 (63 O.S.
22 Supp. 2005, Section 1-702d), is amended to read as follows:

1 Section 1-702d. A. There is hereby created the "Uncompensated
2 Care Equalization Committee". The purpose of the Committee shall be
3 to develop a formula to equalize the financial burden of
4 uncompensated care. For purposes of this section, the formula to
5 equalize the financial burden of uncompensated care shall take into
6 account the capacity of a facility, including number of beds,
7 staffing composition, services offered, any other specific sources
8 of income, the level of uncompensated care, any other variable that
9 affects the operating costs of the facility, and any other such
10 factors as determined by the Uncompensated Care Equalization
11 Committee.

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

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

22 C. The Committee shall make its recommendations to the
23 Legislature on or before February 1, ~~2007~~ 2008.

1 SECTION 3. This act shall become effective November 1, 2006.
2 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 4-5-06 - DO
3 PASS, As Amended.