

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2452

By: Lamons

AS INTRODUCED

An Act relating to public health and safety; amending 63 O.S. 2001, Section 5015, which relates to review by Oklahoma Health Care Authority of certain health care programs; clarifying language; enacting the Oklahoma Hospital Quality and Access Act; defining terms; assessing fee; establishing fund; creating appropriations requirements; providing for federal matching stipulations; providing severability clause; providing for enforcement; directing Oklahoma Health Care Authority to promulgate rules; providing for noncompliance penalties; creating Oklahoma Hospital Medicaid Reform Advisory Committee; specifying membership and duties; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 63 O.S. 2001, Section 5015, is amended to read as follows:

Section 5015. The Oklahoma Health Care Authority shall review state-purchased and state-subsidized health care programs and health care regulatory agencies, including, but not limited to, medical services within ~~the~~:

1. The Department of Mental Health and Substance Abuse Services, ~~the~~;
2. The Department of Veterans Affairs, ~~the~~;
3. The Department of Human Services, ~~the~~;
4. The State Department of Health, ~~the~~;
5. The Oklahoma Medical Center, ~~the~~;
6. The State Education and Employees Group Insurance Board, ~~;~~

and ~~any~~

7. Any other state-purchased and state-subsidized health care programs as deemed appropriate by the administrator, and submit to the Legislature, no later than December 1, 1995, an initial report including which shall include, but not be limited to:

1. A description of the respective roles of these programs and agencies regarding health care cost containment;

2. A plan to increase the combined efficiency of these programs and agencies to control costs and maintain or improve access to quality care;

3. Methods to ensure coordination between these programs and agencies and the Authority;

4. An analysis of the real and potential impacts of cost shifting; and

5. Recommendations regarding structural changes in the state's current health care delivery system.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5501 of Title 63, unless there is created a duplication in numbering, reads as follows:

Sections 2 through 4 of this act shall be known and may be cited as the "Oklahoma Hospital Quality and Access Act".

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5502 of Title 63, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Hospital Quality and Access Act:

1. "Hospitals" means institutions licensed by the State Department of Health as a general or specialized hospital pursuant to Sections 1-701 through 7-124 of Title 63 of the Oklahoma Statutes maintained primarily for the diagnosis, treatment or care of patients;

2. "Medicaid" means the medical assistance program established in Title XIX of the federal Social Security Act and administered in this state by the Oklahoma Health Care Authority;

3. "Gross hospital patient revenues" means the gross revenue from hospital inpatient routine care services, ancillary services and outpatient services; and

4. "Authority" means the Oklahoma Health Care Authority.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5503 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. For the purpose of assuring access to quality care for Oklahoma Medicaid consumers, the Oklahoma Health Care Authority shall assess a Hospital Quality and Access Fee pursuant to this section upon each hospital in this state.

B. The Oklahoma Health Care Authority shall assess a Quality and Access Fee on hospitals of eight hundred seventy-five thousandths percent (0.875%) percent of gross hospital patient revenues.

C. The Hospital Quality and Access Fee shall be based upon gross patient revenue contained in a financial survey filed pursuant to the rules developed by the Authority. The assessment shall be determined using such surveys with hospital fiscal periods ending in the base calendar year as established by the Authority. Partial year reports will be prorated for an annual basis.

D. The monthly Quality and Access Fee assessed upon each hospital shall be determined by:

a. multiplying the gross patient revenue by the fee specified in this section, and

b. dividing the product by twelve. The quotient is the monthly Quality and Access Fee of the hospital.

E. 1. There is hereby created in the State Treasury a revolving fund to be designated the "Hospital Quality and Access Fund".

2. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of:

- a. all monies received by the Authority pursuant to this section and otherwise specified or authorized by law,
- b. monies received by the Authority due to federal financial participation pursuant to Title XIX of the Social Security Act, and
- c. interest attributable to investment of money in the fund.

3. All monies accruing to the credit of the fund are hereby appropriated and shall be budgeted and expended by the Authority for the following reforms:

- a. implementation of an inpatient hospital diagnosis-related group reimbursement methodology to pay for allowable services rendered to Medicaid clients and to increase Medicaid payments for inpatient hospital services,
- b. to modify the emergency room case rate methodology based on a trauma level of care system,
- c. to increase Medicaid payments for outpatient hospital services including Medicare coinsurance and deductible payments, and
- d. to increase the Medicaid physician fee schedule to a minimum of one hundred percent (100%) of the Medicare fee schedule including Medicare coinsurance and deductible payments.

4. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

5. The fund and the program specified in this section are exempt from budgetary cuts, reductions, or eliminations caused by the lack of general revenue funds. The fund is not intended to replace base year funding.

6. The reimbursement rate for hospitals shall be made in accordance with Oklahoma's Medicaid reimbursement rate methodology and the provisions of this section.

7. No hospital shall be guaranteed, expressly or otherwise, that any additional costs reimbursed to the facility will equal or exceed the amount of the Hospital Quality and Access Fee paid by the hospital.

G. 1. In the event that federal financial participation pursuant to Title XIX of the Social Security Act is not available to the Oklahoma Medicaid program, for purposes of matching expenditures from the Hospital Quality and Access Fund at the approved federal medical assistance percentage for the applicable fiscal year, the Hospital Quality and Access Fee shall be null and void as of the date of the nonavailability of such federal funding, through and during any period of nonavailability.

2. In the event of an invalidation of this section by any court of last resort under circumstances not covered in subsection H of this section, the Hospital Quality and Access Fee shall be null and void as of the effective date of that invalidation.

3. In the event that the Hospital Quality and Access Fee is determined to be null and void for any of the reasons enumerated in this subsection, any Hospital Quality and Access Fee assessed and collected for any periods after such invalidation shall be returned in full within sixty (60) days by the Oklahoma Health Care Authority to the hospital from which it was collected.

H. 1. If any provision of this section or the application thereof shall be adjudged to be invalid by any court of last resort, such judgment shall not affect, impair or invalidate the provisions of the section, but shall be confined in its operation to the provision thereof directly involved in the controversy in which such judgment was rendered. The applicability of such provision to other persons or circumstances shall not be affected thereby.

2. This subsection shall not apply to any judgment that affects the rate of the Hospitals Quality and Access Fee, its applicability to all licensed hospitals in the state, the usage of the fee for the purposes prescribed in this section, and/or the ability of the Oklahoma Health Care Authority to obtain full federal participation to match its expenditures of the proceeds of the fee.

I. The Oklahoma Health Care Authority shall promulgate rules for the implementation and enforcement of the Hospital Quality and Access Fee established by this section.

J. The Authority shall provide for administrative penalties in the event hospitals fail to:

1. Submit the Quality and Access Fee;
2. Submit the fee in a timely manner;
3. Submit reports as required by this section; or
4. Submit reports timely.

K. There is hereby created the Oklahoma Hospital Medicaid Reform Advisory Committee. The Committee shall be composed of seven (7) appointed members who shall serve for terms of four (4) years and shall be appointed as follows:

1. Two members, representing hospital facilities with current Medicaid contracts, shall be appointed by the President Pro Tempore of the State Senate from a list submitted by a statewide association of full service rural and urban hospitals;

2. Two members, representing hospital facilities with current Medicaid contracts, shall be appointed by the Speaker of the Oklahoma House of Representatives from a list submitted by a statewide association of full service rural and urban hospitals;

3. Two members shall be appointed by the Governor from a list submitted by a statewide association of full service rural and urban hospitals. One of the members appointed by the Governor may include hospital representatives from facilities without a current Medicaid contract; and

4. The chief executive officer of a statewide association of full service rural and urban hospitals as designated by the Governor.

L. In making the appointments, the appointing authority shall also give consideration to urban, rural, gender and minority representation.

M. A chair and vice-chair shall be elected by the Committee.

N. The Committee shall advise the Oklahoma Health Care Authority regarding issues of hospital funding and long-term reform issues in the Medicaid program including but not limited to the Hospital Quality and Access Fee. The committee shall monitor the revenue collected in the Hospital Quality and Access Revolving Fund and based upon the availability of such funds make any recommendations for changes in a report filed to the Board of the Oklahoma Health Care Authority, the Speaker of the Oklahoma House of Representatives, the President Pro Tempore of the State Senate and the Governor.

O. A vacancy in a position shall be filled for the unexpired term in the same manner as provided in this section.

P. A majority of the members of the Committee shall constitute a quorum for the transaction of business and for taking any official action. Official action of the Committee must have a favorable vote by a majority of the members present.

Q. The Committee shall act in accordance with the provisions of the Oklahoma Open Meeting Act and the Oklahoma Open Records Act.

SECTION 5. This act shall become effective July 1, 2006.

SECTION 6. 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.