

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 55<sup>th</sup> Legislature

|                        |                                                                                                                                                                                                                                              |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Bill No.:</b>       | <b>HB 2616</b>                                                                                                                                                                                                                               |
| <b>Version:</b>        | <b>CS</b>                                                                                                                                                                                                                                    |
| <b>Request Number:</b> | <b>9260</b>                                                                                                                                                                                                                                  |
| <b>Author:</b>         | <b>Rep. Thomsen</b>                                                                                                                                                                                                                          |
| <b>Date:</b>           | <b>3/4/2016</b>                                                                                                                                                                                                                              |
| <b>Impact:</b>         | <b>Corporation Commission PUD: estimates revenue loss of \$835,000 (including hiring additional FTEs)</b><br><b>Associated persons with knowledge of the USF and its processes: expects Corporation Commission savings of over \$500,000</b> |

**Research Analysis**

HB 2616 changes the administration of the Oklahoma Universal Service Fund from a litigation-based system to an administrative process that attempts to create certainty and clarity for service bids sought by schools and hospitals. The measure updates the act, established in 1997, to include new technology.

Prepared By: Tricia Hines

**Fiscal Analysis**

The PCS on HB 2616 has been reviewed by the Corporation Commission as well as a group of associated persons with knowledge of the USF. Both of their analyses are included, as they differ greatly:

**According to the Corporation Commission:**

*The Corporation Commission has been able to identify several budgetary concerns. The following are a few of the major items we know will create budgetary strain on the OCC:*

1. Pre-approval process for funding: This effectively doubles the load of review related to OUSF Special services. (Schools, Telemedicine, and Libraries) We would expect to need a minimum of 7 FTE to process this new requirement. (90 days, 700 entities).
2. 90-Day Statutory Limit on OCC Final Orders in Reconsiderations: We anticipate this will require at least 3 more Administrative Law Judges as they will be required to hold the hearings and issue recommendations to the Commissioners while allowing the Commission time to review the finding and issue a final order during a posted public meeting.
3. Reduced number of orders as the result of making a portion administrative will save 1 FTE.
4. Allowing changes of service if listed in the contract without a cause will result in additional work for the Monthly Payout team and would likely result in an additional 1 FTE.
5. Process on initial causes would be simplified by the pre-approval review but would still require a complete audit of all items and a confirmation the final services matched the

preapproval. However, the shortened timeframe would do away with any FTE savings and may result in additional FTE once implemented.

This results in a conservative budgetary impact to the agency of \$835,000.

**Associated Persons:**

Estimated cost savings per fiscal year:

OCC Administrative savings - \$500,000

Health care entities filing with FCC first - \$15 million due to the inclusion of federal dollars

Beneficiary & Carrier Admin savings - \$1.5 million

State impact: saving of \$500,000 for the Corporation Commission as well as increased federal funds to the health care entities who file.

Prepared By: Kristina King

**Other Considerations**

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