

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 COMMITTEE SUBSTITUTE

4 FOR

HOUSE BILL NO. 1750

By: McCall

5  
6 COMMITTEE SUBSTITUTE

7  
8 An Act relating to public health and safety; enacting  
9 the Oklahoma Local Hospital and Health Care District  
10 Act of 2019; defining terms; authorizing certain  
11 counties to form Local Hospital and Health Care  
12 Districts; authorizing certain municipalities to form  
13 Local Hospital and Health Care Districts; providing  
14 for governing board; providing for authorized sources  
15 of revenue; requiring creation of local provider  
16 participation fund; specifying authorized revenue  
17 sources; prohibiting commingling of county or  
18 municipal funds; providing for investment of certain  
19 unencumbered or unexpended amounts; providing for  
20 authorized expenditures from local provider  
21 participation fund; specifying authorized purposes  
22 for expenditures; authorizing Local Hospital and  
23 Health Care Districts to make waiver applications;  
24 prohibiting Oklahoma Health Care Authority from  
making modifications to waiver requests; prohibiting  
delay of submission of wavier requests; prohibiting  
imposition of fees in excess of certain amounts;  
prohibiting use of fund sources for purposes of  
expansion of Medicaid eligibility pursuant to certain  
federal enactment; authorizing applications for  
expansion of Medicaid eligibility based upon certain  
election outcome; imposing requirements on Oklahoma  
Health Care Authority with respect to transfer of  
certain funds to Local Hospital and Health Care  
Districts; providing for codification; and providing  
an effective date.

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

1 SECTION 1. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 5027.1 of Title 63, unless there  
3 is created a duplication in numbering, reads as follows:

4 This act shall be known and may be cited as the "Oklahoma Local  
5 Hospital and Health Care District Act of 2019".

6 SECTION 2. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 5027.2 of Title 63, unless there  
8 is created a duplication in numbering, reads as follows:

9 As used in this act:

10 1. "Ad valorem tax" means any tax imposed by a county or  
11 municipality or other political subdivision pursuant to provisions  
12 of the Oklahoma Constitution;

13 2. "County" means one or more of the political subdivisions  
14 organized pursuant to the provisions of Article XVII of the Oklahoma  
15 Constitution or pursuant to provisions of Title 19 of the Oklahoma  
16 Statutes;

17 3. "Contiguous" means with respect to a county boundary that  
18 any one point along any line or curve comprising the boundary of one  
19 county is immediately adjacent to any one point along a line or  
20 curve comprising the boundary of any other county;

21 4. "FMAP" means Federal Medical Assistance Percentages as used  
22 in the administration of the federal Medicaid program;

23 5. "Governing board" means the board of county commissioners of  
24 a county which, together with at least one other county, becomes a

1 Local Hospital and Health Care District or the governing board of a  
2 municipality which is located in a county that qualifies the  
3 municipality as a Local Hospital and Health Care District pursuant  
4 to the provisions of this act;

5 6. "Local Hospital and Health Care District" means either two  
6 or more counties or a municipality located within a county which is  
7 part of a Local Hospital and Health Care District or which is  
8 contiguous to at least one county which, along with at least one  
9 other county, has formed a Local Hospital and Health Care District  
10 pursuant to the provisions of this act;

11 7. "Municipality" means a local government entity formed  
12 pursuant to the applicable provisions of Title 11 of the Oklahoma  
13 Statutes;

14 8. "OHCA" means the Oklahoma Health Care Authority;

15 9. "Provider" means a hospital or a local health department  
16 which is a member of a Local Hospital and Health Care District; and

17 10. "Sales tax" means, with respect to counties, a tax  
18 authorized to be imposed pursuant to the applicable provisions of  
19 Title 68 of the Oklahoma Statutes and, with respect to  
20 municipalities, means a tax authorized to be imposed pursuant to the  
21 provisions of Section 2701 et seq. of title 68 of the Oklahoma  
22 Statutes.

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1           SECTION 3.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 5027.3 of Title 63, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. Any two contiguous counties of the state, or if three or  
5 more counties are contiguous to each other, may form a Local  
6 Hospital and Health Care District as authorized by this act. The  
7 board of county commissioners of each county may approve a  
8 resolution identifying the counties which are to be included in the  
9 Local Hospital and Health Care District and, upon approval of the  
10 resolution by each such board, the county shall be considered part  
11 of the designated Local Hospital and Health Care District.

12           B. A municipality which is located within a county that is  
13 contiguous to at least one county which has formed a Local Hospital  
14 and Health Care District may become a Local Hospital and Health Care  
15 District. The governing board of the municipality may approve a  
16 resolution or ordinance designating the Local Hospital and Health  
17 Care District so created.

18           C. After formation of a Local Hospital and Health Care  
19 District, the governing board of the district shall consist of the  
20 county commissioners of each county comprising a county-level Local  
21 Hospital and Health Care District.

22           D. The governing board of a single municipality which has  
23 formed a Local Hospital and Health Care District shall consist of  
24 the governing board of such municipality and shall be governed by

1 the applicable provisions of Title 11 of the Oklahoma Statutes based  
2 upon the form of the municipal government for purposes of taking  
3 actions either authorized or required pursuant to the provisions of  
4 this act.

5 E. A municipality that forms a Local Hospital and Health Care  
6 District shall provide for representation on the governing board of  
7 one or more county commissioners of the county to which the county  
8 in which the municipality is located is contiguous. Decisions of a  
9 municipally created Local Hospital and Health Care District shall be  
10 made based upon a majority vote of the total membership of the  
11 governing board as modified by the inclusion of the additional  
12 positions described by this subsection.

13 SECTION 4. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 5027.4 of Title 63, unless there  
15 is created a duplication in numbering, reads as follows:

16 A. A Local Hospital and Health Care District may use any  
17 existing revenue source, including ad valorem taxes, or sales and  
18 use taxes in order to provide matching funds for purposes of the  
19 Federal Medicaid Assistance Program (FMAP) as administered by the  
20 Centers for Medicare and Medicaid Services.

21 B. No Local Hospital and Health Care District may use any  
22 source of revenue for matching purposes which is not authorized by  
23 the provisions of applicable federal law.

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1           SECTION 5.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 5027.5 of Title 63, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. Each Local Hospital and Health Care District shall create a  
5 local provider participation fund.

6           B. The local provider participation fund shall consist of all  
7 revenue from the authorized revenue sources described by Section 4  
8 of this act, including any penalty or interest amounts.

9           C. The Local Hospital and Health Care District shall use the  
10 local provider participation fund as a repository of monies in  
11 connection with the application by the Local Hospital and Health  
12 Care District to obtain federal matching money through the Oklahoma  
13 Health Care Authority.

14           D. Any funds not otherwise committed or encumbered may be  
15 invested by the Local Hospital and Health Care District in the same  
16 manner as funds are invested by county treasurers with respect to a  
17 county general fund or in the same manner as funds are invested by a  
18 municipal treasurer with respect to a municipal general fund.

19           E. Monies deposited into the local provider participation fund  
20 may be used to:

21           1. Fund intergovernmental transfers from the Local Hospital and  
22 Health Care District in order to provide the nonfederal share of a  
23 Medicaid supplemental payment program authorized under the state  
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1 Medicaid plan successor waiver program authorizing similar Medicaid  
2 supplemental payment programs;

3 2. Make payments to Medicaid managed care organizations that  
4 are dedicated for payment to hospitals;

5 3. Subsidize indigent programs;

6 4. Pay administrative costs of the district;

7 5. Refund a portion of mandatory payment collected in error  
8 from a paying county or municipality;

9 6. Refund to paying hospitals the proportionate share of money  
10 received by the Local Hospital and Health Care District from the  
11 Oklahoma Health Care Authority that is not used to fund the  
12 nonfederal share of Medicaid supplemental payment program payments;

13 or

14 7. Refund a paying county or municipality the proportionate  
15 share of money that the district determines cannot be used to fund  
16 the nonfederal share of Medicaid supplemental payment program  
17 payments.

18 F. Money in a local provider participation fund shall not be  
19 commingled with any other funds of a county or a municipality that  
20 has formed a Local Hospital and Health Care District pursuant to the  
21 provisions of this act.

22 SECTION 6. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 5027.6 of Title 63, unless there  
24 is created a duplication in numbering, reads as follows:

1       A. A Local Hospital and Health Care District may make  
2 application for a waiver pursuant to Section 1115 of the Social  
3 Security Act.

4       B. The Oklahoma Health Care Authority shall take such steps as  
5 are required to submit the waiver request to the Centers for  
6 Medicare and Medicaid Services but shall not modify the request or  
7 in any way delay the submission of the request on behalf of the  
8 Local Hospital and Health Care District.

9       C. The Oklahoma Health Care Authority may impose a fee for its  
10 administrative costs with respect to the processing of the Local  
11 Hospital and Health Care District waiver request but such fee shall  
12 not exceed one and one half percent (1.5%) of the total nonfederal  
13 matching amount provided by the district.

14       D. The Oklahoma Health Care Authority shall not impose a fee in  
15 excess of one and one-half percent (1.5%) with respect to any  
16 matching funds provided by the federal government.

17       SECTION 7.       NEW LAW       A new section of law to be codified  
18 in the Oklahoma Statutes as Section 5027.7 of Title 63, unless there  
19 is created a duplication in numbering, reads as follows:

20       A. An intergovernmental transfer of funds described by Section  
21 5 of this act and any funds received by the district as a result of  
22 an intergovernmental transfer described by Section 5 of this act may  
23 not be used by the district, the county and/or city in which the  
24 district is located, or any other entity, to expand Medicaid



1 eligibility under the Patient Protection and Affordable Care Act  
2 (Pub. L. No. 111-148), as amended by the Health Care and Education  
3 Reconciliation Act of 2010 (Pub. L. No. 111-152).

4 B. The provisions of this act may allow the allocation for an  
5 application to expand Medicaid eligibility under the Patient  
6 Protection and Affordable Care Act (Pub. L. No. 111-148), as amended  
7 by the Health Care and Education Reconciliation Act of 2010 (Pub. L.  
8 No. 111-152), if and only if a county and, if applicable, a  
9 municipal election is held that covers the geographic area of the  
10 Local Hospital and Health Care District for a new sales tax, ad  
11 valorem or a combination of such taxes, or other taxes authorized  
12 pursuant to the applicable provisions of federal law, expressly for  
13 the purpose to expand Medicaid eligibility under the Patient  
14 Protection and Affordable Care Act (Pub. L. No. 111-148), as amended  
15 by the Health Care and Education Reconciliation Act of 2010 (Pub. L.  
16 No. 111-152).

17 SECTION 8. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 5027.8 of Title 63, unless there  
19 is created a duplication in numbering, reads as follows:

20 Not later than the fifteenth day after the date the district  
21 receives an intergovernmental transfer from the Oklahoma Health Care  
22 Authority reflecting the federal participation payment of the  
23 district, the district shall transfer to each paying hospital an  
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1 amount equal to the proportionate share of those funds to which the  
2 hospital is entitled.

3 SECTION 9. This act shall become effective November 1, 2019.

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