

ENGROSSED SENATE
BILL NO. 1771

By: Morgan of the Senate
and
Benge of the House

[Oklahoma State University Center for Health
Sciences, College of Osteopathic Medicine -
Oklahoma State University Graduate Medical
Education Public Trust Act - codification -
emergency]

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 3271 of Title 63, unless there
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma State
University Graduate Medical Education Public Trust Act".

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 3272 of Title 63, unless there
is created a duplication in numbering, reads as follows:

As used in the Oklahoma State University Graduate Medical
Education Public Trust Act:

1. "Oklahoma State University Graduate Medical Education Public
Trust Authority", or "Authority" means a graduate medical education
public trust authority establishing a graduate medical education
hospital district pursuant to the provisions of the Oklahoma State
University Graduate Medical Education Public Trust Authorities Act;
2. "Graduate Medical Education" or "GME" is defined as
educational programs meeting the guidelines of the American
Osteopathic Association offered as an extension of the Oklahoma

State University Center for Health Sciences, College of Osteopathic Medicine in cooperation with a hospital.

3. "Hospital" is defined as a hospital as such term is defined by Section 1-701 of Title 63 of the Oklahoma Statutes and facilities within the definition of "ambulatory surgical center" as defined in Section 2657 of Title 63 of the Oklahoma Statutes;

4. "Graduate Medical Education Hospital District" or "GME Hospital District" means a designated geographical area established by a graduate medical education public trust authority for the establishment, improvement, implementation and support of graduate medical education;

5. "Management Agreement" means an agreement between the Oklahoma State University Graduate Medical Education Public Trust Authority and a hospital within a Graduate Medical Education hospital district for the provision of day-to-day operations and management of facilities and personnel for the establishment, improvement, implementation and support of graduate medical education;

6. "Joint Operating Agreement" or "JOA" means a written agreement between a Graduate Medical Education Public Trust, the Oklahoma State University Center for Health Sciences and a hospital within a Graduate Medical Education hospital district describing and providing for governance, cooperative initiatives and decision making powers on matters related to the operation of the hospital;

7. "Teaching Subsidy" means funding received for the establishment, improvement, implementation and support of graduate medical education at the Oklahoma State University Center for Health Sciences, College of Osteopathic Medicine offered in cooperation with a hospital located within a Graduate Medical Education hospital district; and

8. "Indigent Patient(s)", or "Indigent Care" means individuals residing within the state of Oklahoma who have little or no means of

payment for the receipt of needed medical attention, meet the prescribed guidelines for indigent status as defined by the OSU Graduate Medical Education Public Trust Authority and present themselves for treatment at a hospital or a clinic affiliated with a hospital located within a Graduate Medical Education Hospital District.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3273 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. 1. The Oklahoma Legislature finds that the delivery of graduate medical education programs at the Oklahoma State University Center for Health Sciences as well as the preparation of osteopathic physicians for service within the state will be enhanced through the establishment of a Graduate Medical Education Public Trust Authority and the creation of Graduate Medical Education (GME) hospital districts pursuant to the Oklahoma State University Graduate Medical Education Public Trust Act.

2. The purpose of the Oklahoma State University Graduate Medical Education Public Trust Act is to provide maximum utilization and efficient administration in delivering graduate medical education programs by the Oklahoma State University Center for Health Sciences in cooperation with hospitals located within a Graduate Medical Education hospital district.

B. There is hereby created the Oklahoma State University Graduate Medical Education Public Trust Authority, an agency of the State of Oklahoma, a body corporate and politic, with powers of government and with the authority to exercise the rights, privileges and functions specified in the Oklahoma State University Graduate Medical Education Public Trust Act. The Oklahoma State University Graduate Medical Education Public Trust Authority is an agency of the State of Oklahoma covered by the Governmental Tort Claims Act and is granted herein the general powers and authorities granted to

agencies and public trusts of the State of Oklahoma. The Oklahoma State University Graduate Medical Education Public Trust Authority as an agency of the State of Oklahoma is exempt from state and local sales tax.

C. The Authority shall consist of six (6) members as follows:

1. One member shall be appointed by the Governor, with the advice and consent of the Senate;

2. One member shall be appointed by the President Pro Tempore of the Senate;

3. One member shall be appointed by the Speaker of the House of Representatives;

4. One member shall be the Director of the Oklahoma Health Care Authority or the director of the successor organization responsible for Medicaid, or his or her designee;

5. One member shall be the President of the Oklahoma State University Center for Health Sciences; and

6. One member shall be the Chief Executive Officer of the Oklahoma State University Graduate Medical Education Public Trust Authority who shall be a nonvoting member.

D. All members shall be appointed by June 1, 2006. Of the members of the Authority initially appointed, the member appointed by the President Pro Tempore of the Senate shall serve a term of one (1) year; the member appointed by the Speaker of the House of Representatives shall serve a term of two (2) years; and the member appointed by the Governor shall serve a term of three (3) years. Successors shall be appointed for terms of three (3) years.

E. Each member of the Authority, prior to appointment, shall be a resident of the state and a qualified elector.

F. Members shall be removable only for cause by the appointing authority. Any vacancy occurring on the Authority shall be filled by the original appointing authority.

G. The members of the Authority shall serve without compensation but may be reimbursed for travel expenses incurred in performance of their duties in accordance with the provisions of the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes.

H. A quorum of the Authority shall be three (3) voting members. Members shall elect a chair and vice chair for the Authority from among its members. The chair must be an appointed member of the Authority.

I. The Authority shall be subject to the Open Meeting Act, Section 301 et seq. of Title 25 of the Oklahoma Statutes, and the Open Records Act, Section 24A.1 et seq. of Title 51 of the Oklahoma Statutes, except as otherwise provided by this act. Any information submitted to or compiled by the Authority except for budgetary information related to appropriations or the appropriations process with respect to the marketing plans, financial statements, trade secrets, research concepts, methods or products, or any other proprietary information of the Authority, persons, firms, associations, partnerships, agencies, corporations, institutions of higher education, nonprofit research institutions or other entities shall be confidential, except to the extent that the person or entity which provided such information or which is the subject of such information consents to disclosure. Executive sessions may be held to discuss such materials if deemed necessary by the Authority.

J. On and after July 1, 2006, the Authority shall have the power and duty to:

1. Adopt bylaws and promulgate rules for the regulation of its affairs and the conduct of its business;
2. Adopt an official seal;
3. Maintain an office at the Oklahoma State University Center for Health Sciences;

4. Sue and be sued, subject to the provisions of the Governmental Tort Claims Act;

5. Enter into cooperative agreements with the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges for educational programs, professional staffing, administrative services, benefit plans, research and other medical activities;

6. Make and enter into all contracts necessary or incidental to the performance of its duties and the execution of its powers pursuant to the Oklahoma State University Graduate Medical Education Public Trust Act including but not limited to purchase agreements, operating lease of facilities, hospital management agreements, joint operating agreements and other agreements necessary or incidental for the establishment, improvement, implementation and support of graduate medical education;

7. Employ medical and other professional staff as necessary for the establishment, improvement, implementation and support of graduate medical education.

8. Create Graduate Medical Education Hospital districts pursuant to the Oklahoma State University Graduate Medical Education Public Trust Act to provide for and enhance student, intern and residency programs of the Oklahoma State University Center for Health Sciences;

9. Purchase or lease equipment, furniture, materials and supplies, and incur such other expenses as may be necessary to discharge its duties and responsibilities or to make any of its powers effective;

10. Acquire for use by the Authority or a hospital within a Graduate Medical Education Hospital district by purchase, lease, gift, or by any other manner, and to maintain, use and operate or to contract for the maintenance, use and operation of or lease of any and all property of any kind, real, personal, or mixed or any

interest therein unless otherwise provided by the Oklahoma State University Graduate Medical Education Public Trust Act;

11. Appoint such officers, agents and employees, including but not limited to attorneys, as it deems necessary to operate and maintain the Authority and to prescribe their duties and to fix their compensation. The Authority shall employ and fix the duties and compensation of an administrator of the Authority.

12. Receive appropriations of the state for the establishment, improvement, implementation and support of graduate medical education and indigent care and expend those funds in support of graduate medical education programs of Oklahoma State University or indigent care as prescribed by the Authority;

13. Receive appropriations of the state for the purposes of a teaching subsidy for the support of graduate medical education programs of Oklahoma State University and the enhancement of care for indigent patients in both hospital and ambulatory care settings;

14. Accept grants from the United States of America, or from any corporation or agency created or designed by the United States of America, and, in connection with any such grant, to enter into such agreements as the United States of America or such corporation or agency may require;

15. Accept gifts, grants, contracts and endowments from a private entity for the establishment, improvement, implementation and support of graduate medical education and expend those funds in accordance with any written agreement executed with the contributor of those funds may require;

16. Make and issue bonds and to pledge revenues of the Authority subject to the Oklahoma Bond Oversight and Reform Act. Nothing in the Oklahoma State University Graduate Medical Education Public Trust Act shall authorize the issuance of any bonds of the Authority payable other than from revenues of the Oklahoma State University Graduate Medical Education Public Trust Authority.

Authority revenue bonds issued under the provisions of this act shall not at any time be deemed to constitute a debt of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any political subdivision, but such bonds shall be payable solely from the funds herein provided. Such revenue bonds shall contain on the face thereof a statement to the effect that neither the state nor the Authority shall be obligated to pay the same or the interest thereon except from the revenues of the project or projects for which they are issued and that neither the faith and credit nor the taxing power of the state or any political subdivision thereof is pledged, or may hereafter be pledged, to the payment of the principal of or the interest on such bonds. The maximum amount of outstanding bonds at any time shall not exceed Two Hundred Fifty Million Dollars (\$250,000,000.00) unless a greater amount is expressly approved by the Legislature by a concurrent resolution adopted prior to commencing any action in anticipation of issuance of revenue bonds of the Oklahoma State University Graduate Medical Education Public Trust Authority for the greater amount;

17. Become a member of other cooperatives, joint ventures, partnerships, corporations or other legal entities or to own stock therein for the establishment, improvement, implementation and support of graduate medical education;

18. Conduct its business and exercise its powers within or without this state for the establishment, improvement, implementation and support of graduate medical education;

19. Receive fees, assessments, or charges from any hospital located within the geographical boundaries of its hospital district and to remit such monies to the Oklahoma Health Care Authority or any other state entity for purposes of meeting the state's share for the supplemental Medicaid programs to the extent and manner authorized by federal law;

20. Provide for complete financial audits on all accounts of the Oklahoma State University Graduate Medical Education Public Trust Authority and to authorize periodic audits by an independent external auditing agency. Such audits shall be performed annually in a format approved by the State Auditor and Inspector and all such audits shall be submitted to the State Auditor and Inspector for review. Such audits shall be made in accordance with generally accepted auditing standards and government auditing standards. Financial statements shall be prepared in accordance with generally accepted accounting principals. In addition to said audits, the State Auditor and Inspector, whenever he deems it appropriate, and at least once each five (5) years, or upon receipt of a request to do so from the Governor, the Attorney General, the President Pro Tempore of the Senate, the Speaker of the House of Representatives or the Authority shall conduct a special audit of the Authority;

21. Engage in long-term planning for the operation and management of the Oklahoma State University Graduate Medical Education Public Trust Authority;

22. Establish petty cash funds and provide for appropriate accounting procedures and controls;

23. Contract with national manufacturers and distributors of drugs and medical supplies when appropriate to carry out the purposes of this act;

24. Do all other things necessary and proper to implement the provisions of the Oklahoma State University Graduate Medical Education Public Trust Act;

25. Waive, by such means as the Authority deems appropriate, the exemption from federal income taxation of interest on the Authority's bonds provided by the Internal Revenue Code of 1986, as amended, or any other federal statute providing a similar exemption; and

26. Arrange for guaranties or insurance of its bonds by the federal government or by any private insurer, and to pay any premiums therefor.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3274 of Title 63, unless there is created a duplication in numbering, reads as follows:

Hospitals located within a Graduate Medical Education Hospital District:

1. Shall be licensed by the State Department of Health and shall meet the standards and requirements of the Joint Commission of Accreditation of Health Care Organizations or the American Osteopathic Association or meet Medicare certification by the Center for Medicare and Medicaid Services. Provided, the State Commissioner of Health may waive any such standards or requirements as the Commissioner deems necessary;

2. May provide services and receive payments therefor pursuant to Titles XVIII and XIX of the federal Social Security Act, and may participate in other federal medical programs; and

3. May enter into joint operating agreements, lease of facility agreements, facility management agreements and other necessary or incidental contracts with the Oklahoma State University Graduate Medical Education Public Trust Authority for the establishment, improvement, implementation and support of graduate medical education or for any other purpose described in the Oklahoma State University Graduate Medical Education Public Trust Authority Act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3275 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. 1. There is hereby created in the State Treasury a revolving fund for the Oklahoma State University Graduate Medical Education Public Trust Authority to be designated the "OSU Graduate Medical Education Trust Authority 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 Oklahoma State University Graduate Medical Education Public Trust Authority pursuant to the Oklahoma State University Graduate Medical Education Public Trust Act and otherwise specified or authorized by law including but not limited to monies received by the Authority from appropriations for graduate medical education teaching subsidies, matching funds for Supplemental Medicaid Programs or funds appropriated to support indigent care within a Graduate Medical Education hospital district,
- b. state appropriations for the support of hospital or clinical based internships and residency programs in hospitals located within Graduate Medical Education hospital districts,
- c. revenues derived from the execution and implementation of joint operating agreements, facility lease agreements and facility management agreements of hospitals located within a Graduate Medical Education hospital district,
- d. revenues received from the conduct of business affairs pursuant to the powers, authorities, functions and purposes of the Oklahoma State University Graduate Medical Education Public Trust Authority,
- e. grants from units of local, state or federal government for the support of Graduate Medical Education,
- f. grants from private entities for the support of Graduate Medical Education, and

g. 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 expended by the Authority for the support of Graduate Medical Education at the Oklahoma State University Center for Health Sciences pursuant to the Oklahoma State University Graduate Medical Education Public Trust Act.

B. To the extent permissible under rules promulgated by the Oklahoma Health Care Authority and other federal guidelines, state appropriated funds made available to the Oklahoma State University Graduate Medical Education Public Trust Authority may serve as matching funds for supplemental Medicaid programs. Appropriated funds available to serve as state matching funds shall be submitted to the Oklahoma Health Care Authority or other designated state agency for deposit into the matching fund.

C. The Oklahoma Health Care Authority shall transfer to the Oklahoma State University Graduate Medical Education Public Trust Authority any payment received by the Oklahoma Health Care Authority pursuant to the rules promulgated by the Oklahoma Health Care Authority for disbursement of federal matching funds.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3276 of Title 63, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Health Care Authority Board shall submit an application for any waiver necessary to authorize Medicaid supplements to hospitals located within Graduate Medical Education Hospital districts to the extent permitted by federal law and pursuant to the Oklahoma State University Graduate Medical Education Public Trust Authority Act.

SECTION 7. 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.

Passed the Senate the 1st day of March, 2006.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2006.

Presiding Officer of the House
of Representatives