

3 **Senate Bill No. 1771**  
4 **As Amended**

5 SENATE BILL NO. 1771 - By: MORGAN of the Senate and BENGGE of the  
6 House.

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

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

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

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

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

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

22 1. "Oklahoma State University Graduate Medical Education Public  
23 Trust Authority", or "Authority" means a graduate medical education  
24 public trust authority establishing a graduate medical education

1 hospital district pursuant to the provisions of the Oklahoma State  
2 University Graduate Medical Education Public Trust Authorities Act;

3 2. "Graduate Medical Education" or "GME" is defined as  
4 educational programs meeting the guidelines of the American  
5 Osteopathic Association offered as an extension of the Oklahoma  
6 State University Center for Health Sciences, College of Osteopathic  
7 Medicine in cooperation with a hospital.

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

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

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

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

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

13           8. "Indigent Patient(s)", or "Indigent Care" means individuals  
14 residing within the state of Oklahoma who have little or no means of  
15 payment for the receipt of needed medical attention, meet the  
16 prescribed guidelines for indigent status as defined by the OSU  
17 Graduate Medical Education Public Trust Authority and present  
18 themselves for treatment at a hospital or a clinic affiliated with a  
19 hospital located within a Graduate Medical Education Hospital  
20 District.

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

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

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

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

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

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

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

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

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

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

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

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

20 D. All members shall be appointed by June 1, 2006. Of the  
21 members of the Authority initially appointed, the member appointed  
22 by the President Pro Tempore of the Senate shall serve a term of one  
23 (1) year; the member appointed by the Speaker of the House of

1 Representatives shall serve a term of two (2) years; and the member  
2 appointed by the Governor shall serve a term of three (3) years.

3 Successors shall be appointed for terms of three (3) years.

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

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

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

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

18 I. The Authority shall be subject to the Open Meeting Act,  
19 Section 301 et seq. of Title 25 of the Oklahoma Statutes, and the  
20 Open Records Act, Section 24A.1 et seq. of Title 51 of the Oklahoma  
21 Statutes, except as otherwise provided by this act. Any information  
22 submitted to or compiled by the Authority except for budgetary  
23 information related to appropriations or the appropriations process

1 with respect to the marketing plans, financial statements, trade  
2 secrets, research concepts, methods or products, or any other  
3 proprietary information of the Authority, persons, firms,  
4 associations, partnerships, agencies, corporations, institutions of  
5 higher education, nonprofit research institutions or other entities  
6 shall be confidential, except to the extent that the person or  
7 entity which provided such information or which is the subject of  
8 such information consents to disclosure. Executive sessions may be  
9 held to discuss such materials if deemed necessary by the Authority.

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

12 1. Adopt bylaws and promulgate rules for the regulation of its  
13 affairs and the conduct of its business;

14 2. Adopt an official seal;

15 3. Maintain an office at the Oklahoma State University Center  
16 for Health Sciences;

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

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

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

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

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

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

21           10. Acquire for use by the Authority or a hospital within a  
22 Graduate Medical Education Hospital district by purchase, lease,  
23 gift, or by any other manner, and to maintain, use and operate or to



1 contract for the maintenance, use and operation of or lease of any  
2 and all property of any kind, real, personal, or mixed or any  
3 interest therein unless otherwise provided by the Oklahoma State  
4 University Graduate Medical Education Public Trust Act;

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

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

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

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

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

6        16. Make and issue bonds and to pledge revenues of the  
7 Authority subject to the Oklahoma Bond Oversight and Reform Act.  
8 Nothing in the Oklahoma State University Graduate Medical Education  
9 Public Trust Act shall authorize the issuance of any bonds of the  
10 Authority payable other than from revenues of the Oklahoma State  
11 University Graduate Medical Education Public Trust Authority.  
12 Authority revenue bonds issued under the provisions of this act  
13 shall not at any time be deemed to constitute a debt of the state or  
14 of any political subdivision thereof or a pledge of the faith and  
15 credit of the state or of any political subdivision, but such bonds  
16 shall be payable solely from the funds herein provided. Such  
17 revenue bonds shall contain on the face thereof a statement to the  
18 effect that neither the state nor the Authority shall be obligated  
19 to pay the same or the interest thereon except from the revenues of  
20 the project or projects for which they are issued and that neither  
21 the faith and credit nor the taxing power of the state or any  
22 political subdivision thereof is pledged, or may hereafter be  
23 pledged, to the payment of the principal of or the interest on such

1 bonds. The maximum amount of outstanding bonds at any time shall  
2 not exceed Two Hundred Fifty Million Dollars (\$250,000,000.00)  
3 unless a greater amount is expressly approved by the Legislature by  
4 a concurrent resolution adopted prior to commencing any action in  
5 anticipation of issuance of revenue bonds of the Oklahoma State  
6 University Graduate Medical Education Public Trust Authority for the  
7 greater amount;

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

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

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

21 20. Provide for complete financial audits on all accounts of  
22 the Oklahoma State University Graduate Medical Education Public  
23 Trust Authority and to authorize periodic audits by an independent

1 external auditing agency. Such audits shall be performed annually  
2 in a format approved by the State Auditor and Inspector and all such  
3 audits shall be submitted to the State Auditor and Inspector for  
4 review. Such audits shall be made in accordance with generally  
5 accepted auditing standards and government auditing standards.  
6 Financial statements shall be prepared in accordance with generally  
7 accepted accounting principals. In addition to said audits, the  
8 State Auditor and Inspector, whenever he deems it appropriate, and  
9 at least once each five (5) years, or upon receipt of a request to  
10 do so from the Governor, the Attorney General, the President Pro  
11 Tempore of the Senate, the Speaker of the House of Representatives  
12 or the Authority shall conduct a special audit of the Authority;

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

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

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

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

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

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

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

12       Hospitals located within a Graduate Medical Education Hospital  
13 District:

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

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

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

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

11           A. 1. There is hereby created in the State Treasury a  
12 revolving fund for the Oklahoma State University Graduate Medical  
13 Education Public Trust Authority to be designated the "OSU Graduate  
14 Medical Education Trust Authority Fund."

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

17           a. all monies received by the Oklahoma State University  
18 Graduate Medical Education Public Trust Authority  
19 pursuant to the Oklahoma State University Graduate  
20 Medical Education Public Trust Act and otherwise  
21 specified or authorized by law including but not  
22 limited to monies received by the Authority from  
23 appropriations for graduate medical education teaching

1 subsidies, matching funds for Supplemental Medicaid  
2 Programs or funds appropriated to support indigent  
3 care within a Graduate Medical Education hospital  
4 district,  
5 b. state appropriations for the support of hospital or  
6 clinical based internships and residency programs in  
7 hospitals located within Graduate Medical Education  
8 hospital districts,  
9 c. revenues derived from the execution and implementation  
10 of joint operating agreements, facility lease  
11 agreements and facility management agreements of  
12 hospitals located within a Graduate Medical Education  
13 hospital district,  
14 d. revenues received from the conduct of business affairs  
15 pursuant to the powers, authorities, functions and  
16 purposes of the Oklahoma State University Graduate  
17 Medical Education Public Trust Authority,  
18 e. grants from units of local, state or federal  
19 government for the support of Graduate Medical  
20 Education,  
21 f. grants from private entities for the support of  
22 Graduate Medical Education, and

1           g. interest attributable to investment of money in the  
2           fund;

3           3. All monies accruing to the credit of the fund are hereby  
4 appropriated and shall be expended by the Authority for the support  
5 of Graduate Medical Education at the Oklahoma State University  
6 Center for Health Sciences pursuant to the Oklahoma State University  
7 Graduate Medical Education Public Trust Act.

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

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

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



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

7           SECTION 7. It being immediately necessary for the preservation  
8 of the public peace, health and safety, an emergency is hereby  
9 declared to exist, by reason whereof this act shall take effect and  
10 be in full force from and after its passage and approval.

11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-15-06 - DO  
12 PASS, As Amended and Coauthored.