President’s Message

Even before the legislative session gaveled to a close on May 25, most political pundits were scratching their heads in wonderment over how events played out during the session. Upon reflection, it’s clear that despite total Republican domination of both houses and the governor’s office, issues proposed by the leadership were not a given. Much as we are witnessing at the federal level, we seem to have entered an era in which many legislators do not subscribe to the theory that governance is largely a process of compromise.

In April, legislators had to file for re-election due to a law that passed last year requiring filing deadlines to occur before the end of session. This curtailed the willingness of some legislators to cast votes on contentious issues before the filing deadlines, being mindful that their votes could be used against them by opponents in upcoming elections. Campaigning is very different from governing, a distinction that can be easily overlooked.

Major initiatives that did gain sufficient agreement to pass were Speaker Kris Steele’s Justice Reinvestment Act and several DHS reform efforts. While OHA’s 2012 legislative agenda was far less robust than last year’s (headlined with the passage of the provider fee), overall we believe our hospitals did not suffer any harm from this legislative session. Increased funding for the rural hospital residency program is a great investment for promoting improved primary care coverage in rural areas. This expanded program will begin in July. In addition, the process of transferring OHCA’s behavioral health programs to the Department of Mental Health and Substance Abuse Services will be an important transition for OHA and our psychiatric hospital members to monitor and in which to actively participate.

Of major interest was how the current state of Oklahoma’s economy, coupled with the strong ideological interest of Republicans for a reduction in the income tax, would impact state agency allocations. After a very deliberate effort to examine tax cuts, exemptions, and deductions over the interim, the Legislature and the governor began on day one to propose ways to eliminate loopholes and cut taxes. What became clear was that current tax credits, exemptions, and deductions all had constituency support groups, and in the end there was insufficient overall legislative appetite to take these away. If offsets could not be found to pay for cuts in personal income tax, OHA’s concern was this placed state agency budgets in harm’s way. It is always important to remember that if tax cuts become too severe, a supermajority of the Legislature or a vote of the people is needed to pass any measure increasing taxes (the result of previously passed SQ 640).

OHA had been extremely concerned over the impact any possible tax cut would have on allocations to the Oklahoma Health Care Authority. Amidst all the tax cut discussions, "We cannot allow our elected leaders to opine on the need for a healthier Oklahoma without supporting and/or establishing public policies that promote health, including adequate funding for the state’s Medicaid program.”
leaders promised to do no harm to core government services, and ultimately the effort to cut taxes failed … for now. Senate President Pro Tem Brian Bingman said it best: “no tax cut is better than a bad tax cut.” While the Oklahoma Health Care Authority did not receive its full budget request, we have, thus far, received assurances from the agency that provider payment cuts will be spared in the SFY 2013 budget.

There were many worthwhile bills that simply didn’t make it through the legislative process due to procedural debates upon the House floor that left no time for the bills to be considered. OHA had several bills that fit into this category and a description is listed in this report.

We know that many of the issues debated this year will be back in 2013. It appears any further legislative activity on establishing a health insurance exchange for Oklahoma will depend on the U.S. Supreme Court’s ruling this summer on issues surrounding the Affordable Care Act. This, along with local pre-emption on tobacco use, bond issues, tax cuts, opting out of traditional workers’ compensation coverage and state insurance mandates, exclusive provider organizations, and additional new abortion and gun measures, will all be back for consideration in next year’s session. In addition, Oklahoma needs to join 48 other states to allow local preemption on tobacco use.

It remains the OHA’s and our members’ job during the interim to work to educate our existing and newly elected legislators on the need for consistent public policy regarding health care. We cannot allow our elected leaders to opine on the need for a healthier Oklahoma without supporting and/or establishing public policies that promote health, including adequate funding for the state’s Medicaid program. The OHA stands ready to assist you in generating these conversations across the state.

Craig W. Jones, FACHE
President

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On the cover:

Left: Outside the House Chamber at the state Capitol on OHA Advocacy Day are Speaker-Elect T.W. Shannon (left) and Butch Hooper, director/business development, Southwestern Medical Center, Lawton.

Right: Kevin Gross, president, Hillcrest HealthCare System, Tulsa, and OHA board chair elect, presents the OHA Outstanding Achievement Award to Speaker Kris Steele (right) during the OHA Advocacy Day Luncheon in April.
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The 2012 Final Legislative Report tracking list is located on our website at www.okoha.com/2012legreport. This is a listing of all House and Senate bills and resolutions contained in this report. The tracking list is in numerical order beginning with House bills then Senate bills. By each bill number is the:

• Short Title that provides the official name and some portion of the Oklahoma Statutes such as Administrative Procedures Act or Open Meetings Act.
• Paraphrase which is a description of all of the contents of the measure.
• Status Date and other information. The “Status Date” is the last date of official action on the measure.

If you would like a copy of the actual legislation listed in this report please contact Marie Hailey at marie@okoha.com and she will provide you with a copy as of the “Status Date” listed on the tracking list.
Oklahoma House and Senate members filed 2,006 bills and joint resolutions in 2012. Combined with the carryover measures from 2011, including appropriations bills, a total of 3,926 bills and joint resolutions were available to be considered in the 2012 session. Later, an additional 46 appropriations bills were filed once the 2013 fiscal year budget agreement was reached. Of these:

- 402 bills/resolutions were sent to the governor
- 392 bills/resolutions were signed
- 10 bills/resolutions were vetoed
- 4 bills/joint resolutions were sent to the secretary of state for filing to go on the November election ballot.

All of this means there was only a one-in-10 chance that an introduced bill or resolution would become law during this session.

**Bills supported by OHA signed by the governor**

**HB 3074**, *Dorman/Johnson*, permitting hospitals to file liens against uninsured/underinsured motorist proceeds. Effective date: Nov. 1, 2012

**HB 3058**, *Steele/Bingman*, creating the Oklahoma Hospital Residency Training Program Act, to establish new primary care residency training programs affiliated with the Oklahoma State University College of Osteopathic Medicine and the University of Oklahoma College of Medicine in eligible hospitals, focused on meeting the health care needs of medically underserved areas. Effective date: July 1, 2012

**SB 1975**, *Jolley/Sears*, is the general appropriations bill that allocates $3,080,000 to the Oklahoma Health Care Authority to implement the Oklahoma Hospital Residency Training Program Act. Effective date: July 1, 2012

**SB 1280**, *Schultz/Steele*, amends SB 1975 appropriating to the Oklahoma State University Medical Authority Disbursing Fund, rather than the Oklahoma Health Care Authority, $3,080,000 from the General Revenue Fund for fiscal year 2013 to implement provisions of the Oklahoma Hospital Residency Training Program Act. Funding allows for eight primary care residencies funded at $75,000 each in up to five hospital locations that meet criteria for residency requirements. Effective date: July 1, 2012
Bills supported by OHA that failed

HB 2837, Martin/Holt, permitting public trust hospitals to bid information technology as a package, was not heard on the House floor.

HB 2267, Cox/Simpson, permitting city governments to pass ordinances regulating smoking, passed the House and did not receive a Senate committee hearing.

SB 1629, Bingman/Steele, creating the Health Insurance Marketplace “Exchange” to comply with the Affordable Care Act, was withdrawn from consideration by the leadership due to Tea Party opposition even though a coalition of more than 40 organizations representing business, health care, insurance and community leaders urged the passage of the measure to set up an Oklahoma-based health insurance exchange.

SB 1520, Bingman/Jordan, amends a provision prohibiting reimbursement for open MRI that was included in the 2011 Workers’ Compensation Reform legislation to allow for reimbursement if the MRI meets certain standards. The provision was included in a bill supported by the attorney general, the city of Oklahoma City and the OHA, and had no opposition but did not get heard on the House floor due to politics and a backlog of bills on the last day of session.

SB 1618, Stanislawski/Mulready, amends the Small Employer Health Insurance Reform Act to permit the small group market, 50 or fewer employees, to offer incentives to encourage wellness including tobacco cessation. The bill had no opposition but did not get heard on the House floor due to a backlog of bills on the last day of session.

Bills opposed by OHA that failed

HB 1995, Sullivan/Sykes, requiring a hospital operated by a public trust to maintain health care malpractice liability insurance coverage with available limits of at least $1 million per claim, with an annual aggregate of at least $3 million, and requiring physicians with hospital privileges to maintain malpractice liability coverage with available limits of at least $1 million, was introduced in 2011 and failed to advance in 2012.

HB 2428, Roan and HB 2436, Cockroft, both diverting trauma funds from physician and hospital payments to EMS, passed the House Appropriations Sub Committee and were not heard in full A & B committee.

HB 2460, Moore, creating the Health Care Conscience Act that gives a health care provider the right not to participate in a health care service that violates his/her conscience, and states that such a provider will not be found civilly, criminally or administratively liable, was not heard in House committee.

Jimmy Leopard (right), CEO, Wagoner Community Hospital, discusses key issues with Rep. Wade Rousselot.
HB 2617, Johnson/Sykes, prohibiting withholding lifesaving treatment for the elderly and disabled and providing injunctive relief against health care providers, was not heard in House committee. The Senate version, SB 1695 passed the Senate and was not heard on the House floor.

HB 2761, Stiles, requiring any organization that receives 27.5 percent of its income from membership dues that are from public bodies, such as public trust hospitals, to be defined as a public body and subject to open meetings and open records, was voted down in House committee.

HJR 1105, McCullough, disapproves the family planning rules adopted by the Oklahoma Health Care Authority extending to non-pregnant women and men ages 19 and older who are eligible for SoonerPlan contraception services. The disapproval would have had a $3 million impact in state and federal funds for family planning services. The resolution was withdrawn from consideration after passing House committee.

HJR 1095, Peters/David, resolution disapproving the Board of Health rule to require home health agencies to offer vaccinations to workers, was vetoed by the governor so home health agencies are still required to offer vaccinations. Effective date: June 8, 2012

SB 872, Sykes/Johnson, requiring that persons who intentionally injure themselves while in a jail or holding facility will pay for emergency medical costs, passed the Senate in 2011 and failed the deadline for a House floor vote.
SB 1025, Adelson, creating the Oklahoma Any Willing Provider Act, was not heard in Senate committee.

SB 1059, Brown/Moore, allowing the Oklahoma Insurance Department to enter into agreements or compacts with one or more states to allow the sale of insurance across state lines, and exempting out-of-state and in-state insurance plans from covering state mandates like cancer and other preventive health screenings, was voted down in House conference committee.

SB 1079, Burrage, which would negatively affect the Tobacco Master Settlement Agreement payments, failed in Senate committee for lack of a second to the “due pass” motion.

HB 2155, Steele/Bingman, allows for certain employers to “opt out” of traditional workers’ compensation coverage. This bill was supported by certain large businesses and the Oklahoma State Chamber of Commerce. While the bill failed, supporters have vowed to continue to push this measure.

HB 2447, Quinn/Brinkley, creates a new insurance product in the insurance statutes called an “exclusive provider organization.” In essence, this new product would be a hybrid product between a traditional PPO and HMO. There are no benefits outside of the network except in cases of emergency. The bill was debated on the last day of session but due to the contentious debate, the bill was withdrawn by the author.
SB 544, Sykes/Blackwell, changing physicians “supervision” to “in collaboration with” a physician for CRNAs, failed on the Senate floor. On April 26, the Board of Nursing requested an attorney general’s formal opinion on the meaning of “timely, on-site consultation.” Pending the outcome of this opinion, OHA will continue to be engaged on this issue and will be meeting to discuss next steps.

**Tax Cuts**: There were several bills introduced this year to repeal certain existing tax credits and exemptions for deductions in order to generate enough revenue to reduce the personal income tax rate. Despite a breakdown in the agreement between the leadership toward the end of session, there is every indication the issue will continue to be a priority in the 2013 session. See more on tax cuts in the budget section, pg.14.

**Legislation of health care interest**

**Hospitals**


**HB 2214**, Faught/Aldridge, recreates the State Board of Examiners of Perfusionists until July 1, 2015. Effective date: April 17, 2012

**HB 2521**, Kern/Paddack, amends the Volunteer Professional Services Immunity Act by replacing the definition of “free clinic” with a definition of “charitable clinic” to mean as a nonprofit entity organized to provide health care services without charge. Effective date: Nov. 1, 2012

**HB 2566**, Wright/Ivester, clarifying that residents’ rights in assisted living centers will include the freedom of choice regarding any personal attending physicians and all other providers of medical services and supplies without a financial penalty. Effective date: Nov. 1, 2012

**HB 2582**, J. McDaniel/Adelson, creates statutory authority to implement a fingerprint-based national background check for certain classes of long-term care providers. Long-term care providers include nursing, assisted living and residential care facilities, hospice and home health agencies, skilled nursing care as a distinct part of a hospital, intermediate care and group homes for people with developmental disabilities, and Medicaid home and community based waivered services. Employers’ current name-based background and sex and violent offender checking fees are converted to a criminal history en-
rollment fee of $19. There will be a one-time applicant fingerprinting fee of $10. Effective date: Nov. 1, 2012

**HB 2738, Peters/Johnson**, authorizes the Oklahoma Corporation Commission to investigate and modify or reject, in whole or in part, a Special Universal Services funding request for schools, libraries or telemedicine if the investigation determines the entity has not provided sufficient justification for the services or if the commission determines that granting the request is not in the public interest. Effective date: Nov. 1, 2012

**HB 2941, Derby/Brinkley**, directs any pharmacy that dispenses, sells or distributes any detectable quantity of pseudoephedrine or ephedrine to maintain an electronic record of the sale beginning Jan. 1, 2013. Effective date: July 1, 2012

**SB 178, Crain/Cox**, authorizes the State Board of Health to adopt rules to establish adaptive standards of care where an extreme emergency exists, as defined in the Oklahoma Emergency Response Act. Effective date: Aug. 23, 2012

**SB 1065, Stanislawski/Derby**, a related measure to HB 2941, authorizes the Oklahoma State Bureau of Narcotics and Dangerous Drugs to disclose statistical, county specific information gathered from the central repository to the general public about the dispensing of controlled substances. Effective date: Nov. 1, 2012

**SB 1179, Stanislawski/Derby**, permits the electronic prescribing of Schedule II, III, IV and V drugs under certain conditions. Effective date: Nov. 1, 2012

**SB 1210, Simpson/ Hardin**, provides that the Continuum of Care and Assisted Living Act, Nursing Home Care Act and Home Care Act shall not apply to a home or facility approved by the U.S. Department of Veterans Affairs as a medical foster home in which care is provided exclusively to three or fewer veterans. Effective date: April 5, 2012

**SB 1215, Ballenger/Cockroft**, requires purchases by emergency medical districts to be made in accordance with bidding requirements in statutes related to expenditures of county government. Effective date: July 1, 2012

**SB 1316, Justice/Jordan**, prohibits the state or a political subdivision from being liable if a loss or claim results from use of a public facility opened to the general public during an emergency. Effective date: Nov. 1, 2012

**SB 1366, Ivester/Sherrer**, clarifies in the absence of an advance directive for mental health treatment, an advance directive for health care or durable power of attorney with health care decision-making authority will be deemed to include mental health treatment. Effective date: Nov. 1, 2012
SB 1401, Brinkley/McNiel, prohibits health care providers, including hospitals, from referring patients to home health care, companion or sitter services that are not licensed, and requires certain long term care facilities without emergency power generators or written disaster plans to provide a written disclosure upon admittance. Effective date: Nov. 1, 2012

SB 1580, David/Cox, creates the Anatomical Donor Registration Act requiring the board to register all anatomical donor programs and non-transplant tissue banks in the state which meet the requirements of the act. Effective date: Nov. 1, 2012

SB 1800, David/Walker, requires the Department of Human Services Child Care Facility Advisory Committee to create a Child Care Facility Peer Review Board to participate in the department’s grievance process. Effective date: Nov. 1, 2012

SB 1866, Newberry/R. McDaniel, transfers the regulation of the alarm and locksmith industry from the Oklahoma State Department of Health to the Oklahoma Department of Labor, including nurse call stations. The Health Department will also likely continue to inspect nurse call stations according to hospital requirements. Effective date: Nov. 1, 2012

Insurance, OSEEGIB, Workers’ Compensation

HB 2288, Virgin/Sparks, expands the conditions under which a state employee may opt out of a health insurance plan. Effective date: Nov. 1, 2012

HB 2318, Key/Shortey, decreases the frequency of which the insurance commissioner is to conduct financial examinations of licensed domestic insurers from every three years to every five years. Effective date: Nov. 1, 2012

HB 2453, Key/Brown, makes numerous changes to the insurance code including adding “gross misconduct” as a reason that COBRA coverage may not be offered to a terminated employee; allows the employer to “offer” COBRA coverage by making it a

Visiting on health care issues at the state Capitol are (left to right) Kevin Gross, president, Hillcrest HealthCare System, Tulsa; Rep. Jeannie McDaniel; and Tyra Palmer, VP/community and government relations, Hillcrest HealthCare System.
process whereby the employee must “opt in” once the carrier notifies the employee of options. Effective date: Nov. 1, 2012

**HB 3053, Steele/David**, creates the Government Administrative Process Consolidation and Reorganization Reform Act of 2012, and renames the Office of State Finance as the Office of Management and Enterprise Services, and consolidates several state agencies including the Oklahoma State and Education Employees Group Insurance Board and the Oklahoma State Employees Benefits Council. The act abolishes the current OSEEGIB board and the EBC and creates a new Oklahoma Employees Insurance and Benefits Board consisting of seven appointed members. Four of the seven members are appointed by the governor. Effective date: Nov. 1, 2012

**SB 1060, Brown/Grau**, directs an insurer who has reason to believe that a violation of state statute has been committed to notify the Anti-Fraud Unit of the Insurance Department, the Workers’ Compensation Unit and the Insurance Fraud Unit of the Office of the Attorney General. Effective date: May 1, 2012

**SB 1152, Brown/Mulready**, increases from $25 to in excess of $100 the amount that may be offered as an inducement in connection with any insurance transaction. Effective date: Nov. 1, 2012

**SB 1246, Bingman/Jordan**, relates to workers’ compensation fraud by requiring stay of certain proceeding under specified circumstances. Effective date: Nov. 1, 2012

**SB 1617, Brown/Mulready**, modifies the Unauthorized Insurers and Surplus Lines Insurance Act. Effective date: June 8, 2012

**SB 1621, Brown/Mulready**, exempts certain health benefit plans from the provisions of the Small Employer Health Insurance Reform Act. Effective date: Nov. 1, 2012

**SB 1905, Russell/Wesselhoft**, prohibits an employer from requiring military retirees who have been provided with federal health care coverage to participate in employer sponsored health insurance plan if a contribution is required from the employee. Effective date: Nov. 1, 2012

**Medicaid**

**HB 2270, Cox/Johnson**, increases the current provider fee for nursing facilities to the amount or rate allowed by federal law for nursing home licensed bed days pursuant to any approved Medicaid waiver. Effective date: Nov. 1, 2012
SB 1386, Crain/Cox, states that nothing contained in the Oklahoma Medicaid Program Integrity Act prohibits the attorney general from pursuing cases of suspected Medicaid fraud. Effective date: Nov. 1, 2012

Public Health, Mental Health, Substance Abuse & Human Services

HB 2251, P. Peterson/David, provides a definition of “drug-endangered child” within the Oklahoma Children’s Code. Effective date: Nov. 1, 2012

HB 2254, Sherrer/Burrage, creates the Local Law Enforcement Mental Health Manpower Act, allowing officers to relinquish custody of persons needing treatment to a duly qualified reserve officer until initial assessment. Effective date: Nov. 1, 2012

HB 2266, Cox/David, creates the Public Health Delivery Act, authorizing registered nurses to use physician-approved protocols to provide public health services when performing duties on behalf of the city-county health departments, county health departments and the Oklahoma State Department of Health. Effective date: May 1, 2012

HB 2388, Liebmann/Holt, requires the Department of Human Services to screen all adult applicants for Temporary Assistance for Needy Families to determine if they are engaged in the illegal use of a controlled substance. Effective date: Nov. 1, 2012

HB 2580, J. McDaniel/Crain, adds a grandparent to the list of people that may file or request the district attorney to file a petition to determine whether an individual is a person requiring treatment. Effective date: Nov. 1, 2012

SB 1083, Barrington/Nelson, requires certain state agencies to provide debriefing and counseling services for state employees who are affected by violent or traumatic events that occur in the workplace. Effective date: Nov. 1, 2012
SB 1277, David/Mulready, modifies the requirements for an alcohol and drug counseling license to include specific graduate course work, a master’s degree, and completion of a supervised work experience. Effective date: Nov. 1, 2012

SB 1279, David/Mulready, modifies the definition of “professional service” under the Professional Entity Act to include a licensed alcohol and drug counselor or a licensed behavioral practitioner. Effective date: Nov. 1, 2012

SB 1274, Newberry/Peterson, creates the Heartbeat Informed Consent Act and requires that prior to a woman giving informed consent to having an abortion, the abortion provider or an agent of the abortion provider shall tell the woman that it may be possible to make the embryonic or fetal heartbeat of the unborn child audible for the pregnant woman to hear and ask the woman if she would like to hear the heartbeat. Effective date: Nov. 1, 2012

SB 1592, Jolley/Banz, prohibits anything in the act from preventing a physical therapist from performing services that are provided for the purpose of fitness, wellness or prevention that is not related to the treatment of an injury or ailment. Effective date: Nov. 1, 2012

Abortion

HB 2381, Cockroft/David, requires any physician who prescribes RU-486 or other abortion inducing drugs to be physically present when such drug is first provided to patient. Effective date: Nov. 1, 2012

HB 2561, Wesselhoft/Jolley, permits a woman, or parent or guardian if the patient is a minor, in cases of violation of voluntary and informed consent, to file civil suits against abortion providers and persons or entities which referred to another entity who performed an abortion. OHA was successful in offering language to exempt hospitals with dedicated emergency departments as defined by Medicare. Effective date: Sept. 1, 2012

SB 1274, Newberry/Peterson, creates the Heartbeat Informed Consent Act and requires that prior to a woman giving informed consent to having an abortion, the abortion provider or an agent of the abortion provider shall tell the woman that it may be possible to make the embryonic or fetal heartbeat of the unborn child audible for the pregnant woman to hear and ask the woman if she would like to hear the heartbeat. Effective date: Nov. 1, 2012

Firearms

SB 1733, Sykes/Hickman, allows persons with a handgun permit to carry the firearm openly or concealed. Effective date: Nov. 1, 2012

SB 1760, Sykes/Shannon, bans the governor or any municipal or state official from prohibiting or suspending the sale, ownership, or possession of firearms during a declared state of emergency. Effective date: Nov. 1, 2012
Revenue and Taxation

**SJR 52, Mazzei/Dank**, refers to a vote of the people a constitutional amendment prohibiting intangible personal property from being subject to ad valorem tax or to any other tax beginning Jan. 1, 2013.

**SB 1436, Mazzei/Dank**, repeals the Business Activity Tax upon passage of SJR 52. This was established to alleviate concerns that intangible personal property would be subject to ad valorem taxation. Effective date: Nov. 1, 2012

Fiscal Year 2013 state budget highlights

Total appropriations for FY 2013 (July 1, 2012 - June 30, 2013) are $6,855.8 million, which is an increase of $253 million from the current fiscal year 2012 budget. This is considered a standstill budget with 78 agencies receiving appropriated funds and 46 appropriated the same amount or less than in FY 2012. Since FY 2009, the Oklahoma Legislature has relied upon Federal Stimulus funding and/or state Rainy Day funding to balance the budget. This year, the additional funding for the budget was appropriated from the Cash Flow Reserve Fund, agency revolving funds, and gains from enhanced tax compliance.

Several agencies received funding increases in FY 2013 for targeted priorities. In the appropriations sub-committees related to health appropriations, the largest increase was given to the Department of Mental Health and Substance Abuse Services. This includes $118 million transferred from the Oklahoma Health Care Authority to the Department of Mental Health & Substance Abuse Services to manage existing behavioral health programs under Medicaid, along with a $6.2 million Systems of Care grant, an additional mental health crisis center, and funding to help implement screenings for the Justice Reinvestment initiatives.

Tax Cut Outcome

During the interim between legislative sessions, Rep. David Dank and Sen. Mike Mazzei began the arduous task of looking at some of the 460 tax credits, exemptions, and deductions included in Oklahoma statutes. According to the Oklahoma Policy Institute, these tax credits, exemptions, and deductions are in excess of $5.4 billion in impact every year. Numerous public legislative meetings were held with impacted organizations to explain the benefit of the tax credit, exemption, and deductions. Ultimately both legislators’ work groups came forward with different proposals to repeal certain tax credits, exemptions, and deductions.

In Gov. Fallin’s State of the State message in February, it was clear that the governor wanted a significant personal income tax cut with corresponding offsets from revenues generated by eliminating tax credits, exemptions, and deductions. The governor’s

![FIG 1: State Appropriations History, FY ‘00 - FY ‘13](chart)
message, as well as statements made by Senate Pro Tempore Bingman and Speaker of the House Steele, were that proposed tax cuts should not negatively impact core services of government.

There were several bills with varying combinations of tax credits, exemptions and deductions introduced. As these bills were vetted by committees and on the floor, it became evident by votes taken that the legislative bodies had little will to actually get rid of many of the tax credits, exemptions and deductions to provide the offsets needed to cut personal income tax rates.

It is important to note personal income tax revenue accounts for roughly one-third of all funds in the general revenue fund for the State of Oklahoma. Cutting this funding without corresponding tax credits, exemptions or deduction offsets would have dire impacts on state agency funding levels. The Oklahoma Hospital Association was very concerned that if this occurred, the Oklahoma Health Care Authority would see funding cuts. (See Figure 3: FY ‘13 Appropriations Total and 10 Largest Agencies)

During session, we were very mindful that any tax cut proposal could certainly impact the final budget agreement for the upcoming fiscal year. While an agreement was made between Gov. Fallin and leaders Bingman and Steele, the House of Representatives could not pass the tax cut as proposed. The House of Represen-

tatives’ decision to walk away from the agreement was due to the fact that the proposed tax cuts would actually result in a tax increase for certain categories of taxpayers. The House presented their own tax cut plan which the Senate did not hear. In the last week of session, it was decided that no tax cut plan would be passed. Based on press reports on this issue since the end of session, we believe tax cuts will be back on the table to consider in the next legislative session. ■