

REGULAR STUDY SESSION
CITY HALL - 425 EAST DEWEY AVENUE
2ND FLOOR CONFERENCE ROOM
5:30 P.M., MONDAY, APRIL 3, 2017

Notice is hereby given that the Mayor, Board of Councilors of the City of Sapulpa, Oklahoma, and the Trustees of the Sapulpa Municipal Authority, a Public Trust, will meet in study session at 5:30 p.m., on the 3^d day of April, 2017, in the 2nd floor Conference Room of the Sapulpa City Hall, located at 425 E Dewey Avenue in said city, with the agenda for said meeting as follows:

- AGENDA -

1. **CALL TO ORDER.**

2. **AT THE COUNCIL'S REQUEST, DISCUSS ANY ITEM OF CONCERN ON THE REGULAR SESSION AGENDA OF APRIL 3, 2017.**

3. **SUBJECT:**
Discuss and Consider status of Youth Sports Complex Project.

4. **SUBJECT:**
Discuss and Consider entering into a public-private partnership to authorize Non-State Government-Owned (NSGO) nursing care facilities within the city.

5. **SUBJECT:**
Discuss and Consider Franchise Agreement with ONE Gas, Inc. through its Oklahoma Natural Gas Company (ONG) division.

6. **ADJOURN.**

Posted this ____ day of _____, 2017 at _____ o'clock p.m., at the Sapulpa City Hall, 425 East Dewey, Sapulpa, Oklahoma.

Name: _____

Title: _____

City Council Study Session

3.

Meeting Date: 04/03/2017

Submitted By: Amy Hoehner, Legal Assistant

Department: Legal

SUBJECT:

Discuss and Consider status of Youth Sports Complex Project.

City Council Study Session

4.

Meeting Date: 04/03/2017

Submitted By: Amy Hoehner, Legal Assistant

Department: Legal

SUBJECT:

Discuss and Consider entering into a public-private partnership to authorize Non-State Government-Owned (NSGO) nursing care facilities within the city.

Attachments

NSGO Explained

Public - Private Nursing Facility Partnership Program

We propose a public-private partnership with the City in order to access a new supplemental payment program being introduced by the State of Oklahoma through the Oklahoma Health Care Authority (OHCA). This new program, called the upper payment limit (UPL) program, provides additional funding to nursing facilities to increase their payment rate for services provided to Medicaid residents. This additional funding will be available to increase the quality of services provided, to enhance the physical plants, purchase new equipment and to reimburse providers for their current losses in providing these services.

The Oklahoma Nursing Home UPL Program is reserved for nursing homes licensed and operated by non-state government entities (NSGOs). Like most cities across the state, the City does not currently own, or operate, a nursing home. However, under this plan-which is sanctioned by OHCA, the City would lease, license and obtain the Medicaid provider number from our firm (the current "Provider"). The City would then enter into a management contract wherein Provider would operate the Nursing Home in return for all the net revenue of the Nursing Home plus a percentage of UPL funds.

This arrangement generates extra money because of a wrinkle in the payment policies of the federal/state Medicaid program. Medicaid rules allow governmental entities that own nursing facilities to receive a much higher rate for Medicaid services. This is accomplished with no impact on the state budget by having the NSGOs pay OHCA extra fees called inter-governmental transfers that then trigger higher federal matching funds, up to a point that lets them receive the maximum federal payments. Because the Oklahoma Medicaid program pays nursing homes at rates well below the maximum federal rate, the difference is quite substantial.

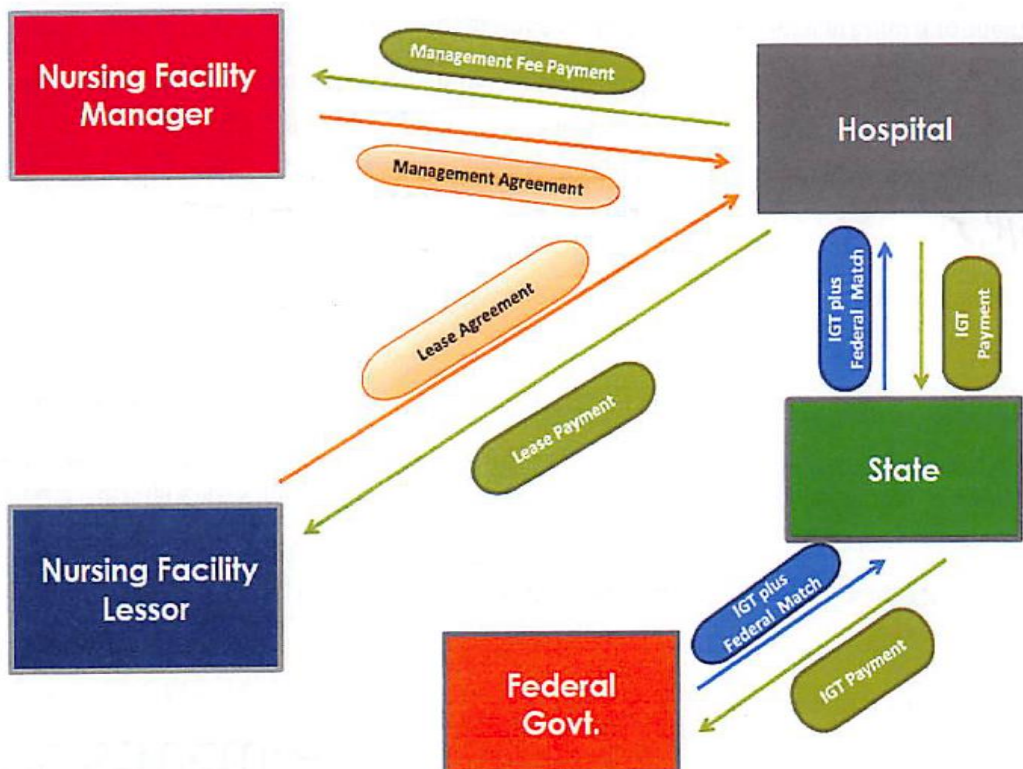
The nature of the proposal can be visualized as shown on the following page. Just replace "Hospital" with "City".

Under this plan:

1. The City would own the operations, license and Medicaid/Medicare provider numbers of the Nursing Home. Specifically, the Provider would submit a Application for Certificate of Need Transfer ("CON") and change of ownership ("CHOW") to the Oklahoma State Department of Health ("OSDH"), which will transfer the state nursing home license to the City. The City will not pay the Provider for this transfer.
 2. The Provider would lease the physical premises of the Nursing Home to the City at a rate supported by an independent assessment of fair market value.
 3. The City would contract with Provider to oversee the operations of the Nursing Home. Provider would be paid a base management fee that is equivalent to the net patient revenue of the Nursing Home. Provider would then receive 70% of the
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UPL payments as an incentive management fee. Provider would ultimately be the sole party responsible for the operations of the Nursing Home. The City will retain 30% of the net UPL payments it receives. Provider will retain the net patient revenue (all gains or losses from operations) and 70% of the UPL payment as its total management fee.

4. The City would open separate bank accounts to be used for operations of the Nursing Home. Payment of expenses may be structured in a number of different ways and has yet to be determined. However, the structure currently being contemplated is for all operating funds to be deposited into these separate accounts and be available for Provider to pay all expenses and management fees on the City's behalf.
5. The City would be the sole recipient of revenue related to the operations of the Nursing Home. The money for the IGT will come from a City account that is separate from any account associated with the Nursing Home operations and whose account balance is 100% from sales tax or other non Medicaid/Medicare revenue streams. Once Nursing Home UPL funds are received, they will go back into this same account. From there, the City will distribute the incentive management fee to Provider.
6. Provider will indemnify the City for any operating losses or expenses related to the operation of the Nursing Home.



City Council Study Session

5.

Meeting Date: 04/03/2017

Submitted By: Amy Hoehner, Legal Assistant

Department: Legal

SUBJECT:

Discuss and Consider Franchise Agreement with ONE Gas, Inc. through its Oklahoma Natural Gas Company (ONG) division.
