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SPARC Agenda
June 27, 2016
11:00 AM
OHCA Board Room

Rate issues to be addressed:

1. Regular Nursing Facility Rates……………………………………………………………………………1-3
2. AIDS Nursing Facility Rates……………………………………………………………………………………4-5
3. Acute ICF/IID Rates……………………………………………………………………………………………6-7
4. Regular ICF/IID Rates…………………………………………………………………………………………8-9
5. Unbundling of Obstetrical (OB) Services…………………………………………………………10-11
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REGULAR NURSING FACILITIES RATES

1. **IS THIS A RATE CHANGE OR A METHOD CHANGE?**
   Rate Change

2. **IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**
   Increase

   The increase will have a zero dollar impact to OHCA's budget as the state share that is being paid will come from the Providers by increasing the Quality of Care Fee.

3. **PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**
   The change is being made to increase the Quality of Care (QOC) Fee for Regular Nursing Facilities per 56 O.S. 2011, Section 2002.
   This change allows the Oklahoma Health Care Authority (OHCA) to collect additional QOC fees from providers (also referred to as the state share) and match them with federal funds which provides rate increases to facilities.
   Calculate the annual reallocation of the pool for the "Direct" and "Other Care" components of the rates per The State Plan.

4. **CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**
   The current rate methodology for Regular Nursing facilities calls for the establishment of a prospective rate which consists of four components. The current components are as follows:
   A. Base Rate Component is $107.29 per patient day.
   B. A Focus on Excellence (FOE) Component defined by the points earned under this performance program range from $1.00 to $5.00 per patient day.
   C. An "Other" Component which is defined as the per day amount derived from dividing 30% of the pool of funds available after meeting the needs of the Base and FOE Components by the total estimated Medicaid days for the rate period.
   D. A "Direct Care "Component which is defined as the per day amount derived from allocating 70% of the pool of funds available after meeting the needs of the Base and FOE Components to the facilities. This component is determined separately and is different for each facility. The method (as approved in the State Plan) allocates the

70% pool of funds to each facility (on a per day basis) based on their relative expenditures for direct care.

The current combined pool amount for “Direct Care” and “Other Component” is $155,145,293 total dollars.

The current Quality of Care (QOC) fee is $10.79 per patient day.

5. **NEW METHODOLOGY OR RATE STRUCTURE.**
There is no change in methodology; however there is a proposed rate change for Regular Nursing facilities as a result of the required annual recalculation of the Quality of Care (QOC) fee and the annual reallocation of the pool for the “Direct” and “Other” Care components of the rates per The State Plan.

The Base Rate Component will be $107.57 per patient day.

The new combined pool amount for “Direct Care” and “Other” Component will be $158,741,836 total dollars.

The new Quality of Care (QOC) fee will be $11.07 per patient day.

6. **BUDGET ESTIMATE.**
The estimated budget impact for SFY2017 will be an increase in the total amount of $4,491,859; with $1,787,760 in state share coming from the increased QOC Fee (which is paid by the providers).

7. **AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.**
The Oklahoma Health Care Authority does not anticipate any negative impact on access to care.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Regular Nursing facilities:

- An increase in the base rate component from $107.29 per patient day to $107.57 per patient day.
- An increase in the combined pool amount for the “Other” and “Direct Care” Components from $155,145,293 to $158,741,836 total dollars to account for the annual reallocation of the Direct Care Cost Component per The State Plan.
- An increase in the Quality of Care fee from $10.79 per patient day to $11.07 per patient day which is paid by the providers.

9. EFFECTIVE DATE OF CHANGE.

July 1, 2016

ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) NURSING FACILITES RATES

1. **IS THIS A RATE CHANGE OR A METHOD CHANGE?**
   Rate Change

2. **IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**
   Increase

   The increase will have a zero dollar impact to OHCA's budget as the state share that is being paid will come from the Providers by increasing the Quality of Care Fee.

3. **PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**
   The change is being made to increase the Quality of Care (QOC) Fee for nursing facilities serving residents with AIDS per 56 O.S. 2011, Section 2002. This change allows the Oklahoma Health Care Authority (OHCA) to collect additional QOC fees from providers (also referred to as the state share) and match them with federal funds which provides rate increases to facilities.

4. **CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**
   The current rate methodology for nursing facilities serving residents with AIDS requires the establishment of a prospective rate which is based on the reported allowable cost per day.

   The current rate for this provider type is $198.22 per patient day.

   The Quality of Care (QOC) fee is $10.79 per patient day.

5. **NEW METHODOLOGY OR RATE STRUCTURE.**
   There is no change in methodology; however there is a rate change for nursing facilities serving residents with AIDS patients as a result of the required annual recalculation of the Quality of Care (QOC) fee.

   The rate for this provider type will be $199.19 per patient day.

   The recalculated Quality of Care (QOC) fee will be $11.07 per patient day.

6. BUDGET ESTIMATE.

The estimated budget impact for SFY2017 will be an increase in the total amount of $8,758; with $3,486 in state share coming from the increased QOC Fee (which is paid by the facilities).

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority does not anticipate any negative impact on access to care.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for nursing facilities serving residents with AIDS:

- An increase in the AIDS rate from $198.22 per patient day to $199.19 per patient day.
- An increase in the Quality of Care fee from $10.79 per patient day to $11.07 per patient day.

9. EFFECTIVE DATE OF CHANGE.

July 1, 2016

ACUTE (16 BED-OR-LESS) INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) RATES

1. **IS THIS A RATE CHANGE OR A METHOD CHANGE?**
   Rate Change

2. **IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**
   Increase

   The increase will have a zero dollar impact to OHCA's budget as the state share that is being paid will come from the Providers by increasing the Quality of Care Fee.

3. **PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**
   The change is being made to increase the Quality of Care (QOC) Fee for Acute ICF/IID Facilities per 56 O.S. 2011, Section 2002. This change allows the Oklahoma Health Care Authority (OHCA) to collect additional QOC fees from providers (also referred to as the state share) and match them with federal funds which provides rate increases to facilities.

4. **CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**
   The current rate methodology for Acute ICF/IID facilities requires the establishment of a prospective rate which is based on the reported allowable cost per day.

   The current rate for this provider type is $156.19 per patient day.

   The Quality of Care (QOC) fee is $9.18 per patient day.

5. **NEW METHODOLOGY OR RATE STRUCTURE.**
   There is no change in methodology; however, there is a rate change for Acute ICF/IID facilities as a result of the required annual recalculation of the Quality of Care (QOC) fee.

   The proposed rate for this provider type will be $156.51 per patient day.

   The recalculated Quality of Care (QOC) fee will be $9.31 per patient day.

6. **BUDGET ESTIMATE.**
The estimated budget impact for SFY2017 will be an increase in the total amount of $89,872; with $35,769 in state share coming from the increased QOC Fee (which is paid by the facilities).

AGENCY ESTIMATED IMPACT ON ACCESS TO CARE

7. The Oklahoma Health Care Authority does not anticipate any negative impact on access to care.

8. **RATE OR METHOD CHANGE IN THE FORM OF A MOTION.**
The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Acute ICF/IID facilities:
   - An increase in the rate from $156.19 per patient day to $156.51 per patient day.
   - An increase in the Quality of Care fee from $9.18 per patient day to $9.31 per patient day.

9. **EFFECTIVE DATE OF CHANGE.**
July 1, 2016

REGULAR INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) RATES

1. **IS THIS A RATE CHANGE OR A METHOD CHANGE?**
   Rate Change

2. **IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**
   Increase

   The increase will have a zero dollar impact to OHCA's budget as the state share that is being paid will come from the Providers by increasing the Quality of Care Fee.

3. **PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**
   The change is being made to increase the Quality of Care (QOC) Fee for Regular ICF/IID Facilities per 56 O.S. 2011, Section 2002. This change allows the Oklahoma Health Care Authority (OHCA) to collect additional QOC fees from providers (also referred to as the state share) and match them with federal funds which provides rate increases to facilities.

4. **CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**

The current rate methodology for Regular ICF/IID facilities requires the establishment of a prospective rate which is based on the reported allowable cost per day.

The current rate for this provider type is $121.96 per patient day.

The Quality of Care (QOC) fee is $7.25 per patient day.

5. **NEW METHODOLOGY OR RATE STRUCTURE.**
   There is no change in methodology; however there is a rate change for Regular ICF/IID facilities as a result of the annual recalculation of the Quality of Care (QOC) fee.

   The proposed rate for this provider type will be $122.32 per patient day.

   The recalculated Quality of Care (QOC) fee will be $7.39 per patient.

6. **BUDGET ESTIMATE.**
The estimated budget impact for SFY2017 will be an increase in the total amount of $74,855; with $29,792 in state share coming from the increased QOC Fee (which is paid by the facilities).

7. **AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.**
The Oklahoma Health Care Authority does not anticipate any negative impact on access to care.

8. **RATE OR METHOD CHANGE IN THE FORM OF A MOTION.**
The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Regular ICF/IID facilities:
   - An increase in the rate from $121.96 per patient day to $122.32 per patient day.
   - An increase in the Quality of Care fee from $7.25 per patient day to $7.39 per patient day.

9. **EFFECTIVE DATE OF CHANGE.**
July 1, 2016

UNBUNDLING OF OBSTETRICAL (OB) SERVICES

1. **IS THIS A RATE CHANGE OR A METHOD CHANGE?**
   Method Change

2. **IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**
   Decrease

3. **PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**
   The Oklahoma Health Care Authority (OHCA) recommends a revision to the current methodology and reimbursement structure for obstetrical services. Currently, the agency utilizes the global care CPT codes for routine obstetrical care billing. The global CPT codes are allowed if the provider has provided care for a member for greater than one trimester. Bundling all obstetric services rendered utilizing a global CPT code does not allow a complete picture of the services delivered over the antepartum and postpartum period. The agency will now require providers rendering obstetrical services to bill using the appropriate evaluation and management codes for each antepartum provider visit, as well as the appropriate delivery only and postpartum provider visits when rendered. This will ensure OHCA is aware of when a member entered antepartum services, as well as completed the postpartum appointments. Our providers report prenatal care is often not initiated until late in the second or even the third trimester; however, we have no accurate way with the current global payment methodology of tracking the data. In addition, ACOG reports as many as 40% of women do not attend their postpartum appointment and OHCA providers indicate the number may be even higher. Currently 8 other states' utilize an unbundled billing/payment methodology.

4. **CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**
   Current methodology is based off a global structure and rate, inclusive of all antepartum, delivery and postpartum services.

5. **NEW METHODOLOGY OR RATE STRUCTURE.**
   New methodology will be billing individual visits rendered based on the appropriate evaluation and management CPT code, as well as the delivery and postpartum services provided. A rule change (OAC 317:30-5-22) will be in effect 9/1/16.

6. **BUDGET ESTIMATE.**
The proposed budget impact is an annual total savings of $3,184,277, assuming each member will enter obstetrical care in the first trimester, obtain the number of ACOG recommended visits for antepartum care, and complete postpartum visits. Annual state savings are projected as $1,275,621.

7. **AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.**
No impact on access is expected after discussions and agreements with representatives of the stake holders.

8. **RATE OR METHOD CHANGE IN THE FORM OF A MOTION.**
The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the new rate methodology change for unbundling obstetrical care services.

9. **EFFECTIVE DATE OF CHANGE.**
This change will be effective September 1, 2016 to coincide with the effective date of the permanent rule referenced above. However, due to the span of prenatal care, this will be applicable to any woman entering prenatal care after September 1, 2016. Providers treating women for prenatal care prior to September 1, 2016 who have not delivered by this date will continue to utilize the global methodology.

REIMBURSEMENT FOR EYEGLASSES

1. **IS THIS A RATE CHANGE OR A METHOD CHANGE?**
   Method Change

2. **IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**
   Decrease

3. **PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**
   It was determined that Oklahoma could achieve a cost savings by combining professional services and the cost of eye glass materials. This would ensure a quality service was provided to our members, access was maintained, and it would keep the services within the state.

4. **CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**
   Current methodology for eyeglasses and materials/lenses are paid at a set maximum fee rate.

5. **NEW METHODOLOGY OR RATE STRUCTURE.**
   The proposed rates were established by doing a comparative analysis of other state's reimbursement methodologies as well as reviewing competitive bid contracts and wholesale invoices for these products in Oklahoma and the geographical region. After review, the rate is based on reimbursement combinations of several different services, including the additional reimbursements that will be allowed for refraction and fitting fee services. The rates are recommended as follows:

   Total reimbursement for a set of eyeglasses, including refraction and fitting = $83.01

   V2020 = Eyeglass frame = $10.00 per frame
   V2100-V2114 and V2200-V2214 lens = $13.95 per lens (x 2 per one set of eyeglasses)
   V2784 = Polycarbonate lens = $0.00
   92015, refraction = will reimburse at $16.63
   92340, monofocal fitting fee = will reimburse at $28.48

With each set of eyeglasses, the provider would be reimbursed for the refraction performed, the fitting fee, and the materials would be priced separately. Currently 95% of the eyeglasses being made include polycarbonate materials, this would now be required for all eyeglass lens (with the exception of some lens where polycarbonate is not appropriate) and would not be separately reimbursed. These payments will achieve a cost savings, and maintain quality, access to care and keep the services within the state.

6. **BUDGET ESTIMATE.**
Based on the number of paid claims for SFY2015, once implemented, the proposed budget impact is an annual total savings of $3,944,720, with a state share of $1,580,255. This is in addition to the anticipated total costs savings of $4 million for SFY16 with the previously approved polycarbonate rate adjustment.

7. **AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.**
No impact on access is expected after discussions and agreements with representatives of the stake holders.

8. **RATE OR METHOD CHANGE IN THE FORM OF A MOTION.**
The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the new rate methodology change for procedure code V2020 Eyeglass frame = $10.00 per frame; and V2100-V2114 and V2200-V2214 lens = $13.95 per lens; V2784 will reimburse at $0.00 as all lens would be polycarbonate material, with noted exceptions.

9. **EFFECTIVE DATE OF CHANGE.**
Effective September 1, 2016 to coincide with implementation of the emergency rules accompanying these changes.