



STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

SPARC Agenda
November 2, 2017
11:00 AM
OHCA Boardroom

Rate issues to be addressed:

1. Across-the-Board Provider Rate Reduction.....1-2
2. Nursing Facilities Medicare Part A and B Crossover Claims Reduction.....3-4
3. Regular Nursing Facility Rate Reduction.....5-7
4. Regular ICF/IID Rate Reduction.....8-9
5. Acute ICF/IID Rate Reduction.....10-11
6. AIDS Nursing Facility Rate Reduction.....12-13

ACROSS THE BOARD PROVIDER RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate 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, in the amount of a 9.00% reduction, to the current rates and reimbursement structure in the SoonerCare program. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

Federal Requirements

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

OHCA currently reimburses providers under a variety of different rate structures; diagnostic-related group (DRG), per diem, max fee, percent of Medicare, and a percent of costs are some examples. Our current rates reflect a 3.25% reduction, a 7.75% reduction, and a 3.00% reduction from the applicable rate structures, implemented in April of 2010, July 2014, and January 2016.

5. NEW METHODOLOGY OR RATE STRUCTURE.

Effective December 1, 2017, OHCA seeks to decrease the current rates by 9.00% of the applicable rate structure. The proposed reduction excludes services financed through appropriations to other state agencies, services provided under a waiver, and services where a reduction could severely limit access or not cover costs (in the aggregate). While this list is fairly comprehensive it is not exhaustive.

Exclusions:

- Complex Rehabilitation Technology Provider Services
- Long term care facilities
- Child abuse exams
- Non-emergency transportation
- Insure Oklahoma
- Payments for drug ingredients / physician supplied drugs
- Services provided under a waiver
- Services paid for by other state agencies
- Services provided to Native Americans through Indian Health Services / Indian/Tribal/Urban Clinics
- Private Duty Nursing
- Emergency Transportation
- FQHCs/RHCs
- Choice Care Coordination
- Programs of All-inclusive Care for the Elderly (PACE)

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY 2018 will be a decrease in the total amount of \$68,409,743; \$28,342,157 state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). In anticipation of the rate reductions, contracted providers were notified of upcoming budget cuts in an effort by the Oklahoma Health Care Authority to remain transparent during this process.

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 9.00% rate reduction for all providers excluding those providers/services that have an exception provision.

9. EFFECTIVE DATE OF CHANGE.

December 1, 2017

NURSING FACILITIES MEDICARE PART A AND B CROSS- OVER CLAIMS REDUCTION

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 for payment of Medicare crossover claims to Nursing Facilities. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

Federal Requirements

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

OHCA current rate methodology pays 20% of Medicare Part A coinsurance and deductible, and 75% of Medicare Part B coinsurance and deductible on crossover claims to nursing facilities.

5. NEW METHODOLOGY OR RATE STRUCTURE.

The proposed rate methodology is to pay 0% of Medicare Part A and B coinsurance and deductible on crossover claims to nursing facilities.

6. BUDGET ESTIMATE.

Savings for the remainder of SFY2018 will be a decrease in the total amount of \$3,523,232; with \$1,459,675 state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). In anticipation of the rate reductions, contracted providers were notified of upcoming budget cuts in an effort by the Oklahoma Health Care Authority to remain transparent during this process.

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 method change to pay 0% of Coinsurance and Deductible of Medicare Part A and B Crossover claims to nursing facilities.

9. EFFECTIVE DATE OF CHANGE.

December 1, 2017

REGULAR NURSING FACILITIES RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate 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, in the amount of approximately 4.00% reduction to Regular Nursing Facilities provider rates. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

Federal Requirements:

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

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 \$107.79 per patient day.
- B. A Focus on Excellence (FOE) Component defined by the points earned under this performance program ranging from \$1.00 to \$5.00 per patient day.
- C. An "Other Cost" 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 Component by the total estimated Medicaid days for the rate period.
This component once calculated is the same for each facility.
- 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.

STATE PLAN AMENDMENT RATE COMMITTEE

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 costs.

The current combined pool amount for “Direct Care” and “Other Cost” Components is \$160,636,876.

The current Quality of Care (QOC) fee is \$11.29 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 proposed approximately 4% decrease to Regular Nursing Facility provider rates by the Oklahoma Health Care Authority.

The new Base Rate Component will be \$107.55 per patient day, a decrease of \$0.24 per patient day.

The new median “Direct Care” Component is \$21.20 per patient day, a decrease of \$3.12 per patient day.

The new “Other Cost” Component is \$9.08 per patient, a decrease of \$1.34 per patient day.

The new combined pool amount for “Direct Care” and “Other Cost” Components will be \$150,326,168.

The new Quality of Care (QOC) fee will be \$11.05 per patient day.

6. BUDGET ESTIMATE.

Savings for the remainder of SFY2018 will be a decrease in the total amount of \$10,669,304; with \$4,384,017 in state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). In anticipation of the rate reductions, contracted providers were notified of upcoming budget cuts in an effort by the Oklahoma Health Care Authority to remain transparent during this process.

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:

- A decrease in the base rate component from \$107.79 per patient day to \$107.55 per patient day.
- A decrease in the combined pool amount for the “Other Cost” and “Direct Care” Components from \$160,636,876 to \$150,326,168 to account for the approximately 4% reduction in rates for Regular Nursing facilities.

9. EFFECTIVE DATE OF CHANGE.

December 1, 2017

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

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate 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, in the amount of approximately 4.00% reduction to Regular ICF/IID Facilities provider rates. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

Federal Requirements:

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

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 \$122.77 per patient day.

The Quality of Care (QOC) fee is \$7.54 per patient day.

5. NEW METHODOLOGY OR RATE STRUCTURE.

There is no change in methodology; however there is a proposed rate change for Regular (ICF/IID) facilities as a result of the proposed decrease of approximately 4% to the rates of this provider type by the Oklahoma Health Care Authority.

The proposed rate for this provider type will be \$118.50 per patient day.

The new Quality of Care (QOC) fee will be \$7.31 per patient.

6. BUDGET ESTIMATE.

Savings for the remainder of SFY2018 will be a decrease in the total amount of \$444,759; with \$182,752 in state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). In anticipation of the rate reductions, contracted providers were notified of upcoming budget cuts in an effort by the Oklahoma Health Care Authority to remain transparent during this process.

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:

- A decrease in the rate from \$122.77 per patient day to \$118.50 per patient day.

9. EFFECTIVE DATE OF CHANGE.

December 1, 2017

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

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate 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, in the amount of approximately 4.00% reduction to Acute ICF/IID Facilities provider rates. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

Federal Requirements:

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

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 \$157.03 per patient day.

The Quality of Care (QOC) fee is \$9.50 per patient day.

5. NEW METHODOLOGY OR RATE STRUCTURE.

There is no change in methodology; however, there is a proposed rate change for Acute ICF/IID facilities as a result of the proposed approximately 4% decrease to the rates of this provider type by the Oklahoma Health Care Authority.

The proposed rate for this provider type will be \$151.44 per patient day.

The new Quality of Care (QOC) fee will be \$9.17 per patient day.

6. BUDGET ESTIMATE.

Savings for the remainder of SFY2018 will be a decrease in the total amount of \$789,944; with \$324,588 in state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE

The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). In anticipation of the rate reductions, contracted providers were notified of upcoming budget cuts in an effort by the Oklahoma Health Care Authority to remain transparent during this process.

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:

- A decrease in the rate from \$157.03 per patient day to \$151.44 per patient day.

9. EFFECTIVE DATE OF CHANGE.

December 1, 2017

ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) NURSING FACILITIES RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate 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, in the amount of approximately 4.00% reduction to nursing facilities serving residents with AIDS provider rates. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

Federal Requirements

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

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 \$200.01 per patient day.

The Quality of Care (QOC) fee is \$11.29 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 as a result of the proposed approximately 4% decrease to the rate of this provider type by the Oklahoma Health Care Authority.

The proposed rate for this provider type will be \$193.53 per patient day.

The new Quality of Care (QOC) fee will be \$11.05 per patient day.

6. BUDGET ESTIMATE.

Savings for the remainder of SFY2018 will be a decrease in the total amount of \$31,557; with \$12,967 in state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). In anticipation of the rate reductions, contracted providers were notified of upcoming budget cuts in an effort by the Oklahoma Health Care Authority to remain transparent during this process.

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:

- A decrease in the AIDS rate from \$200.01 per patient day to \$193.53 per patient day.

9. EFFECTIVE DATE OF CHANGE.

December 1, 2017