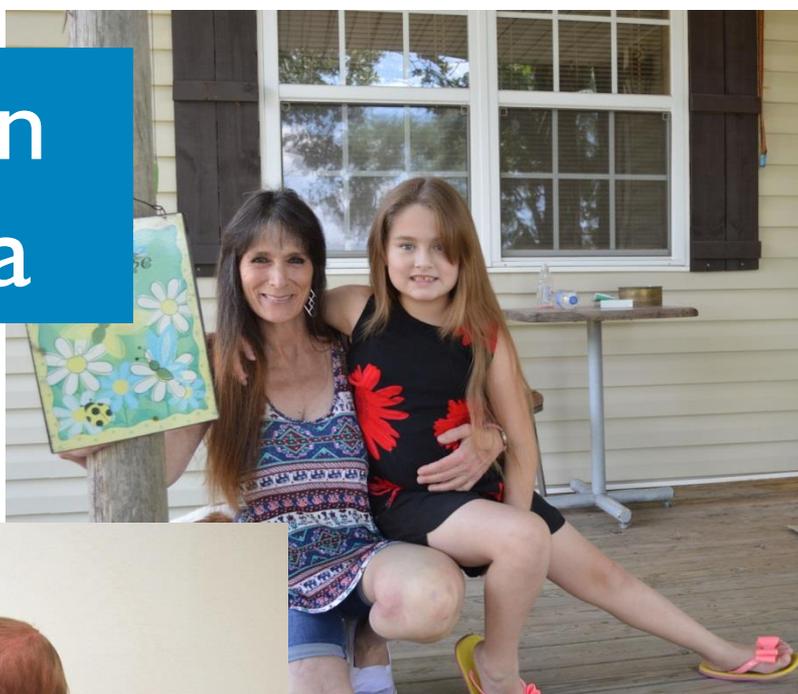


Investing in Oklahoma



House Public Hearing, January 10, 2017

Becky Pasternik-Ikard
Chief Executive Officer

Oklahoma
HealthCare
Authority

OVERVIEW

- 1) **Overview of OHCA and SoonerCare/Insure Oklahoma programs**
- 2) **Budget details for SFY 2014 – 2017
Budget request for SFY 2018**

OKLAHOMA HEALTH CARE AUTHORITY

OHCA was established by the Legislature in 1993 under HB 1573. The agency administers the Medicaid (SoonerCare) and Insure Oklahoma programs.

Medicaid is a state and federal partnership that provides coverage for basic health and long-term care services based on income and/or resources.

SOONERCARE (OKLAHOMA MEDICAID)

in SFY 2016

SoonerCare is the largest public purchaser of health care in the state.

SoonerCare covered 1,025,038 Oklahomans.

SoonerCare covered 30,594 births, which equates to over 50% of the total births in Oklahoma.

SoonerCare has a network of 49,426 contracted providers.

SoonerCare spent over \$5 billion with funding from the state and federal government.

SOONERCARE AND OTHER STATE AGENCIES

Other state agencies receive state and federal funding for portions of the SoonerCare program.

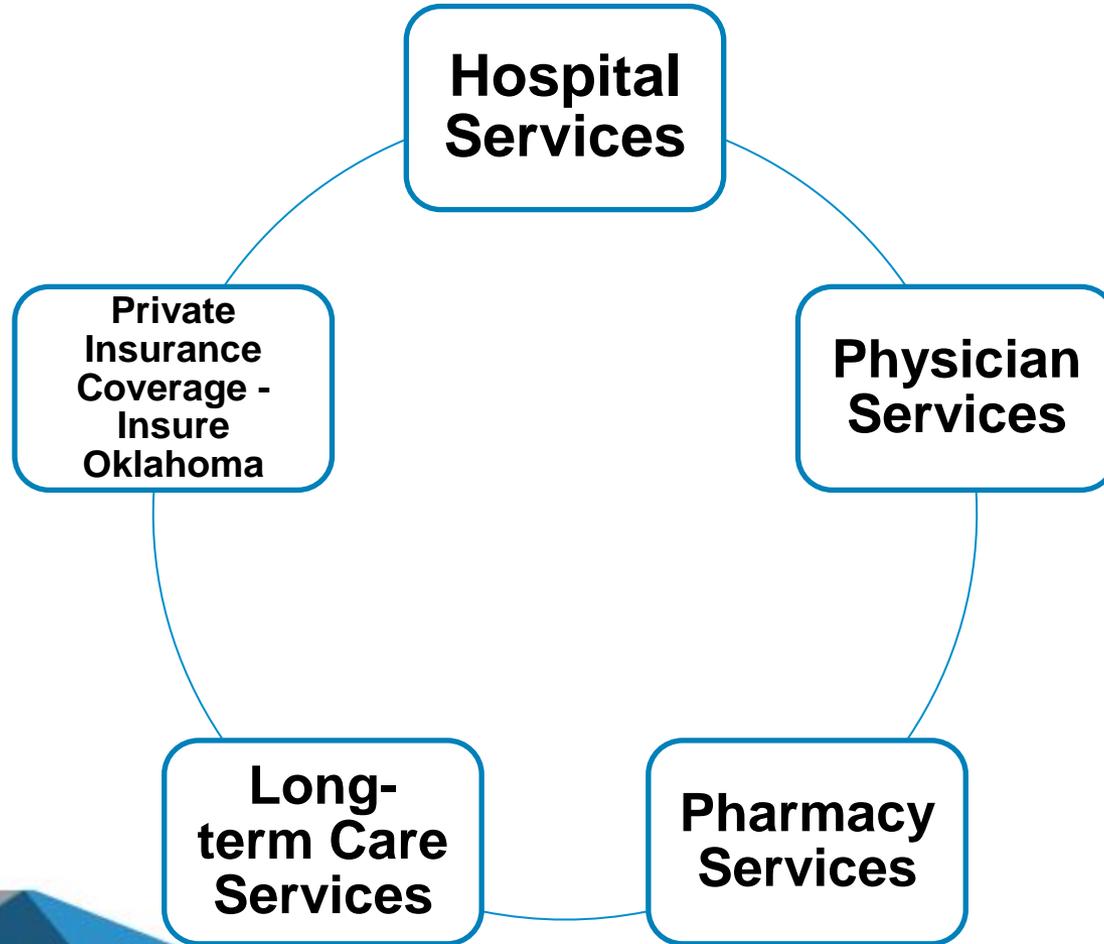
- Dept. of Mental Health and Substance Abuse Services
- Dept. of Human Services
- Office of Juvenile Affairs
- Dept. of Education
- JD McCarty Center for Children with Developmental Disabilities
- State Teaching Hospitals
- Dept. of Corrections
- Physician Manpower Training Commission

OHCA BOARD OF DIRECTORS AND ADVISORY COMMITTEES

- OHCA's seven-member board of directors meets regularly to direct and oversee the operations of OHCA. Board members are appointed by the Speaker of the House of Representatives, President Pro Tempore of the Senate and the Governor.
- In addition to the board, OHCA has advisory committees that provide the agency with health care, consumer, and stakeholder expertise to support the agency's mission.

WHAT DOES OHCA BUY?

OHCA purchases medically necessary health care services for Oklahomans in SoonerCare and Insure Oklahoma.



WHEN DO WE BUY SERVICES AND FOR WHOM?

Medically necessary services

For low income individuals who meet qualifications

- *Children*
- *Pregnant women*
- *Individuals with disabilities*
- *Parent/caretakers*
- *Elderly*

Reimbursement to health care providers

MANDATORY BENEFITS

- Inpatient hospital services
- Outpatient hospital services
- EPSDT: Early and Periodic Screening, Diagnostic, and Treatment Services
- Nursing Facility services
- Home health services
- Physician services
- Rural health clinic services
- Federally qualified health center services
- Laboratory and x-ray services
- Family planning services
- Nurse midwife services
- Certified Pediatric and Family Nurse Practitioner services
- Freestanding birth center services (when licensed or otherwise recognized by the state)
- Transportation to medical care
- Tobacco cessation counseling for pregnant women

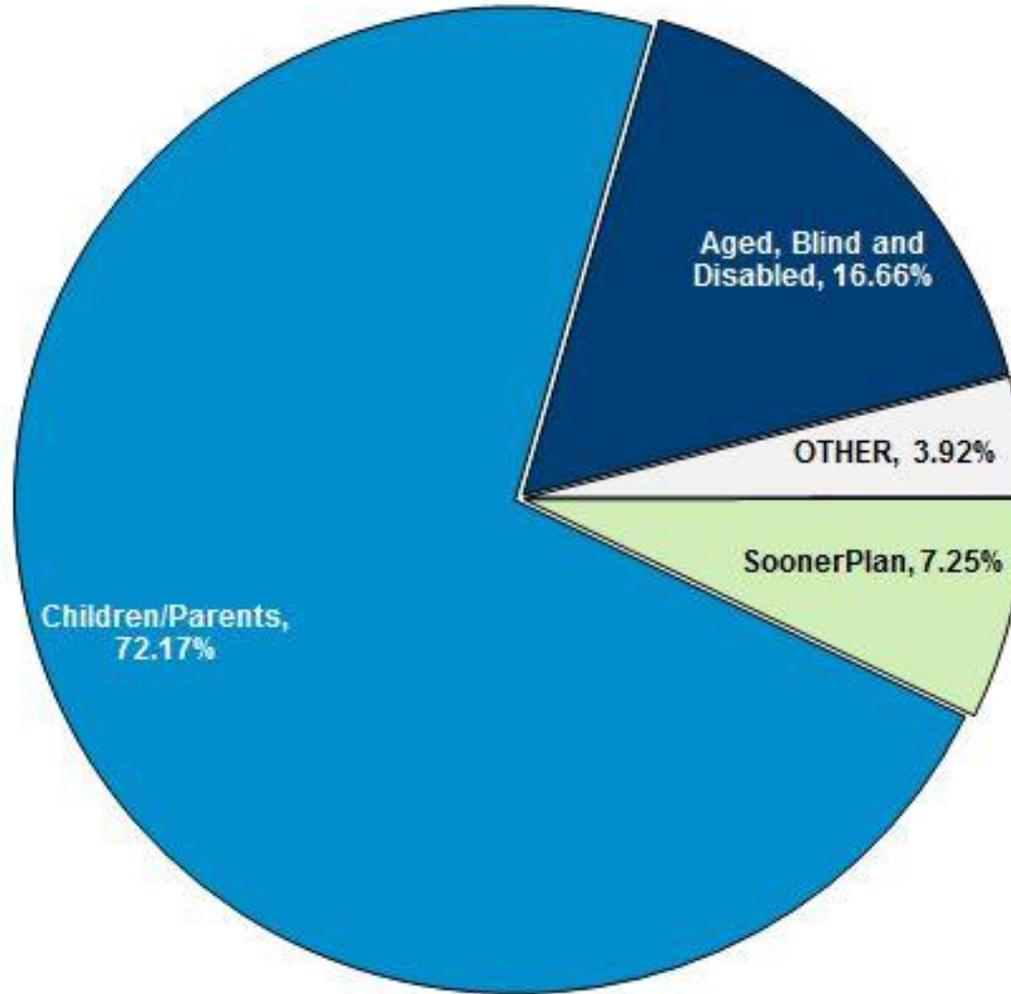
OPTIONAL BENEFITS

- Prescription drugs
- Physical therapy
- Occupational therapy
- Speech, hearing and language disorder services
- Respiratory care services
- Other diagnostic, screening, preventive and rehabilitative services
- Podiatry services
- Optometry services
- Dental Services
- Prosthetics
- Chiropractic services
- Private duty nursing services
- Personal care
- Case management
- Tuberculosis related services
- Inpatient psychiatric services for individuals under 21
- Hospice
- Lactation services
- Nutritional counseling

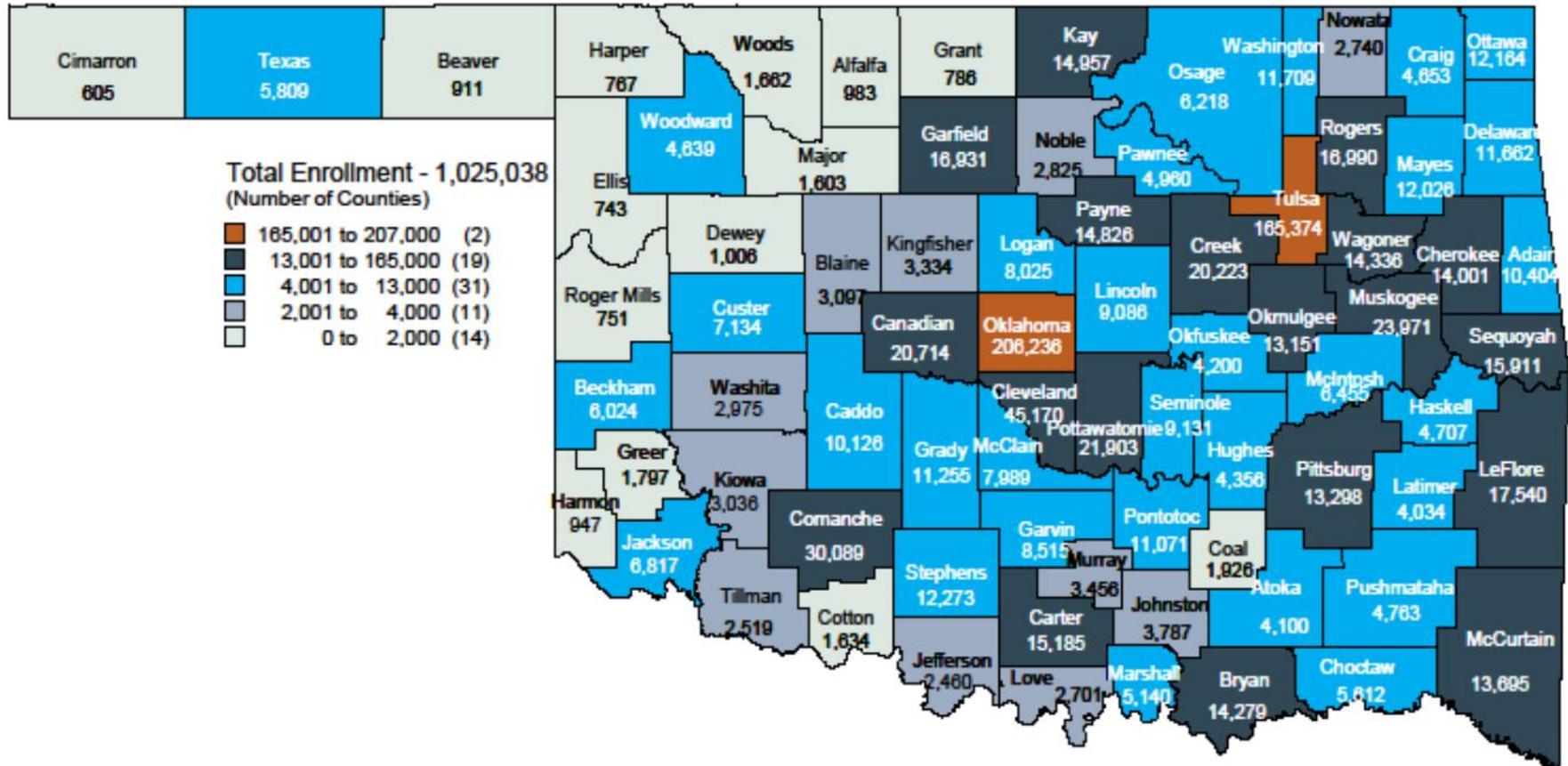
OPTIONAL BENEFITS

- Services for individuals (age 65 or older) in an Institution for Mental Disease (IMD)
- Services in Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID)
- Home and Community-Based Services Waivers
- Money Follows the Person Demonstration/Living Choice Program transitions to the community
- Health homes for enrollees with chronic conditions (Section 1945 of the Social Security Act)
- State Plan Home- and Community-Based Services- 1915(i)
- Self-directed personal assistance services- 1915(j)
- Community First Choice Option- 1915(k)

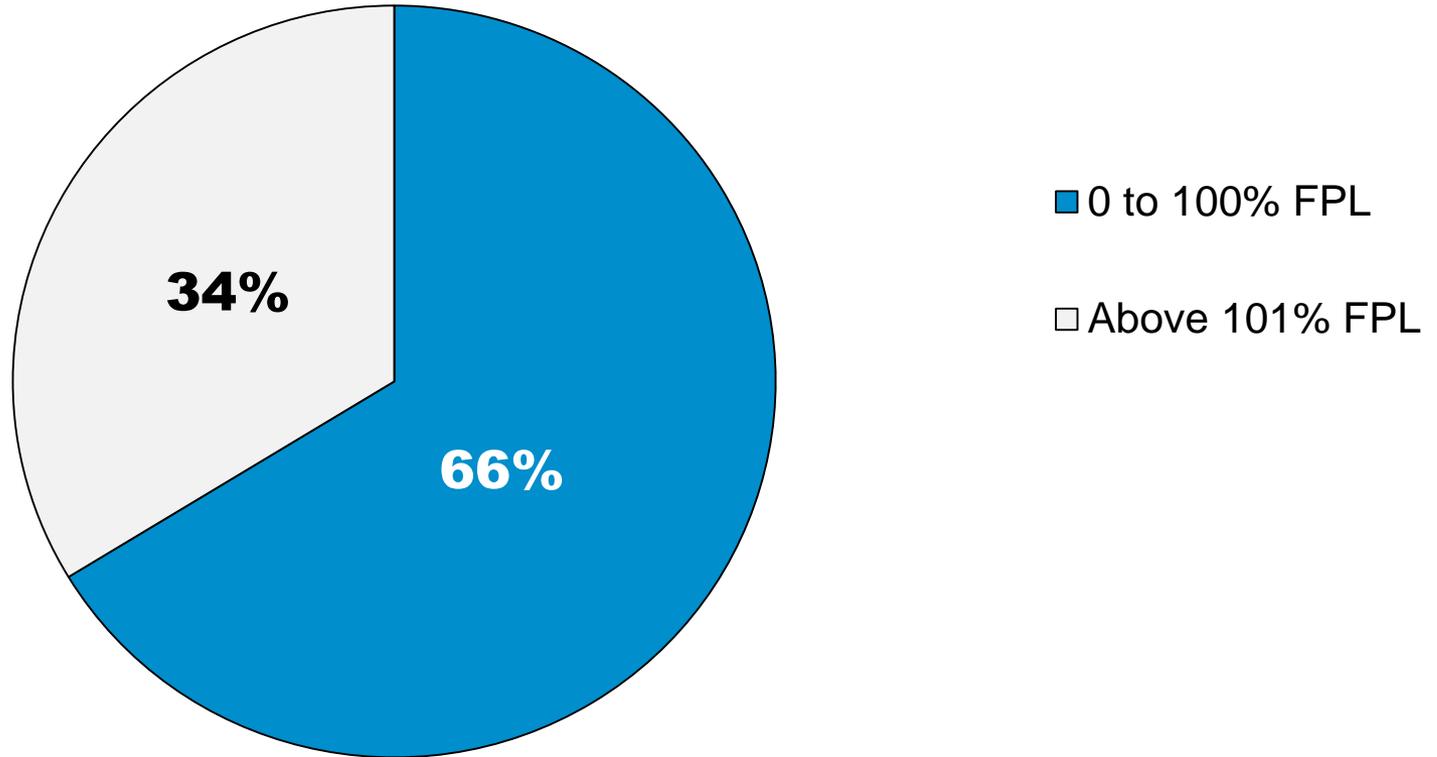
SOONERCARE ENROLLMENT FOR SFY2016



SOONERCARE ENROLLMENT BY COUNTY (SFY 2016)



SOONERCARE CHILDREN LIVING IN POVERTY SFY 2016

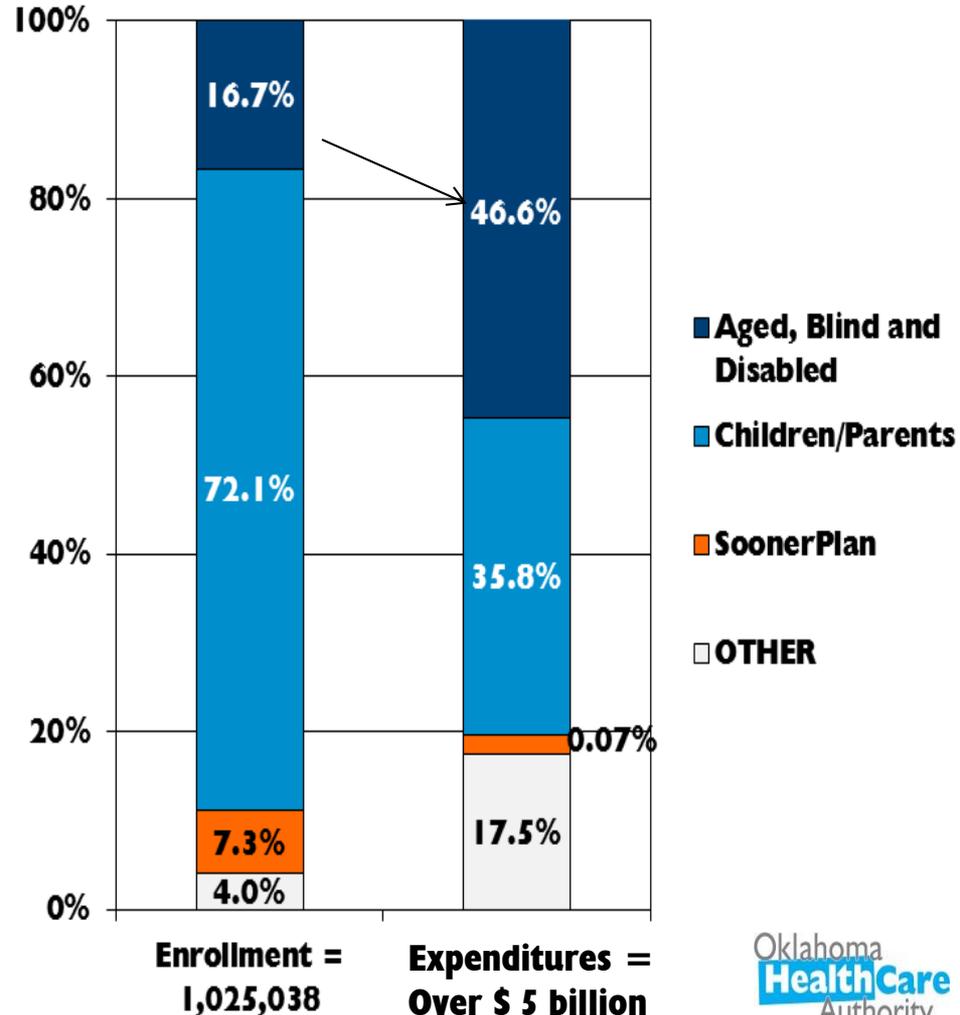
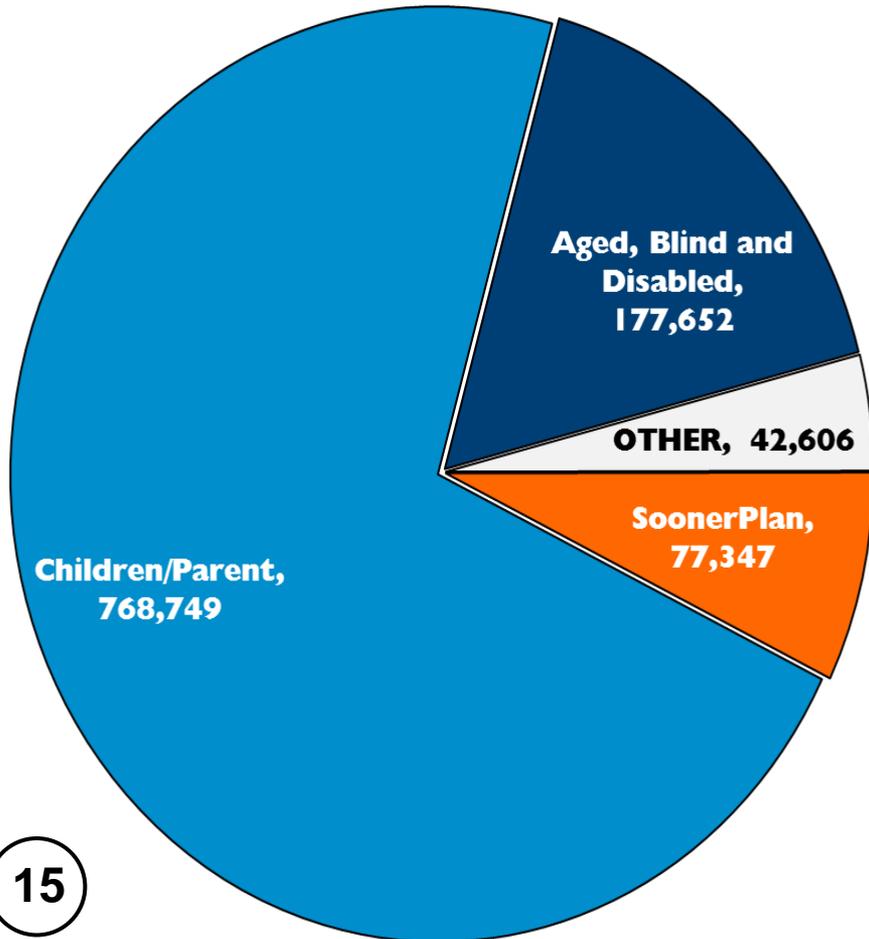


Child is defined as a member aged 0 -18 and is non-ABD. FPL is Federal Poverty Level.

SOONERCARE EXPENDITURES BY POPULATION FOR SFY 2016

Expenditures are *disproportionate* compared to population size.

Enrollees SFY2016



SOONERCARE ELIGIBILITY VERIFICATIONS

Various data exchanges are conducted on members applying for SoonerCare.

- **Social Security Administrations**
- **Oklahoma Employment Securities Commission (OESC)**
- **Department of Homeland Security**
- **Federally Facilitated Marketplace (FFM)**
- **Public Assistance Recipient Information Systems (PARIS)**
- **Office of Juvenile Affairs**
- **Third Party Liability**
- **Oklahoma Tax Commission (OTC)**

SOONERCARE PROGRAM INTEGRITY

- **OHCA Program Integrity Unit, in conjunction with the AG's Medicaid Fraud Control Unit, ensures integrity of the state's Medicaid program through provider and member audits.**
 - **Recovery Audit Contractor (RAC) (federal requirement)**
 - **Okla. Department of Human Services Office of Inspector General**
- **Payment Error Rate Measurement (PERM)**
 - **Error rate 0.28%**
 - **Lowest error rate of the 17 states in the same PERM cycle**

INSURE OKLAHOMA

Insure Oklahoma provides affordable health care for low-income working families in Oklahoma through premium assistance.

TWO OPTIONS:

- Insure Oklahoma's Employer-Sponsored Insurance (ESI) plan helps employers provide their qualified employees with affordable health care.
- Qualified individuals whose employers don't offer health insurance may participate in the Insure Oklahoma Individual Plan (IP) to have affordable health care.

INSURE OKLAHOMA

- The Insure Oklahoma program is funded through federal and state dollars, combined with premium payments from the employer and employee.
- Tobacco tax revenue funds the state's portion of Insure Oklahoma.
- Program approval (from CMS) ends Dec. 31, 2017.
- OHCA continues to make program improvements as authorized under current state law and the federal waiver.

INSURE OKLAHOMA SFY 2014 - 2016

	SFY 2014	SFY 2015	SFY 2016
Expenditure	\$95.4 M	\$68.07 M	\$66.72 M
ESI enrollees	23,727	21,605	25,174
IP enrollees	16,456	6,725	7,366

INSURE OKLAHOMA TODAY

As Of Nov 30, 2016

Qualifying Enrollment		Enrollment	% of Total
Employer Sponsored Insurance (ESI)	Employee	12,384	62.26%
Employer Sponsored Insurance (ESI)	Spouse	2,427	12.20%
Individual Plan (IP)	Employee	3,579	17.99%
Individual Plan (IP)	Spouse	944	4.75%
Student (ESI)	---	120	0.60%
Student (IP)	---	196	0.99%
Dependent (ESI)	---	241	1.21%
Dependent (IP)	---	0	0.00%
Businesses	---	4,061	
Carriers / HealthPlans	---	19/412*	
Primary Care Physician	---	2,700	

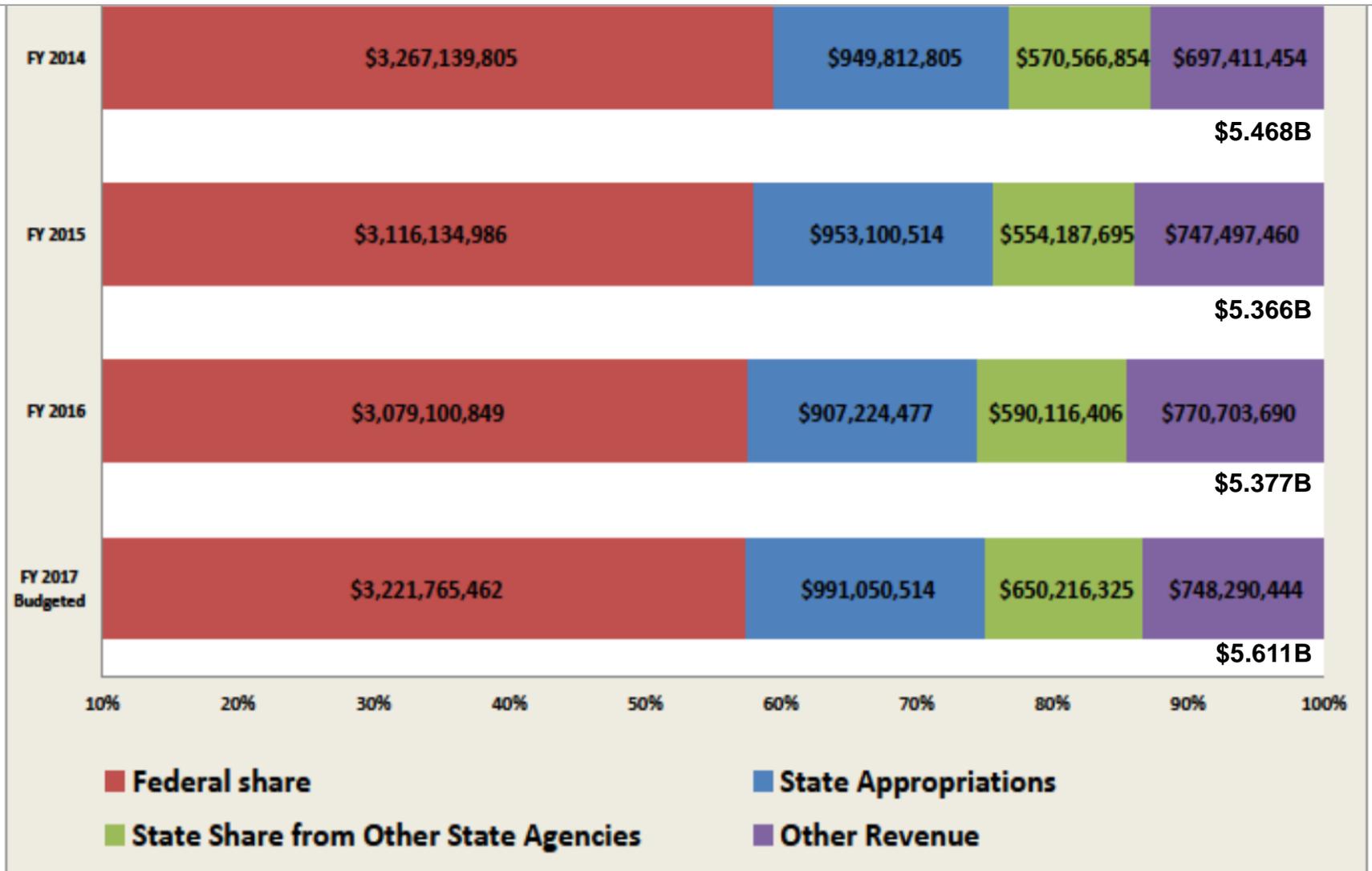
Total Enrollment	19,891	ESI	15,172	76%
		IP	4,719	24%

*Carriers and Health Plans as of January 1, 2016. Total does not include grandfathered plans.

OHCA Budget Information for SFY 2014 - 2017

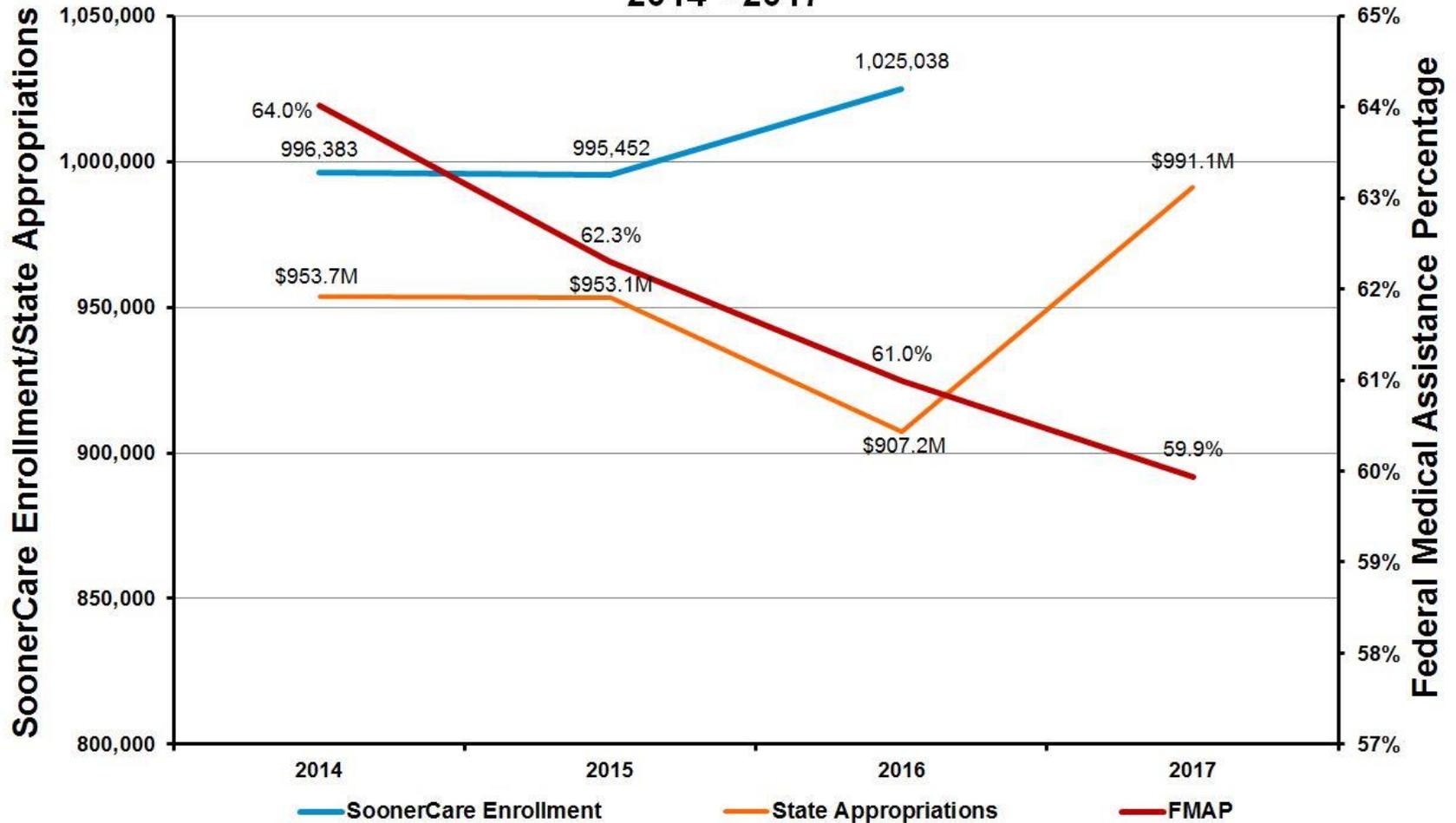
OHCA REVENUE SOURCES

SFY 2014 - 2017



“Other Revenue” in SFY 2017 includes \$23.5 million surplus revenue returned to the agency in September 2016.

SoonerCare Enrollment, State Appropriations & Federal Medical Assistance Percentage 2014 - 2017



SoonerCare Enrollment and State Appropriations are State Fiscal Year. Excludes Insure Oklahoma. FMAP is Federal Fiscal Year.
 Source: OHCA Annual Reports; OHCA Budget Reports; and Department of Health and Human Services - www.aspe.hhs.gov/health/fmap.htm.
 Data valid as of 12/19/2016.

CUTS TO SOONERCARE IN LAST 4 SFYs

- 2015 – 7.75% provider rate cut
- 2016 – 3% provider rate cut
(Today's reimbursement rate is 86.57% of Medicare fee schedule.)
- More than \$400 million has been cut from the program since SFY 2014

SFY 2014 - 2016 EXPENDITURES

	SFY 2016	SFY 2015	SFY 2014
Base State Appropriation	\$907,224,477	\$953,100,514	\$949,812,805
Federal Medical Assistance Percentage (FMAP)	60.99%	62.30%	64.02%
SoonerCare Medical Expenditures	\$3,693,207,097	\$3,715,054,279	\$3,693,307,093
Insure Oklahoma Medical Expenditures	\$66,720,904	\$68,074,404	\$95,409,999
Electronic Health Records Incentive Payments	\$10,611,425	\$32,630,420	\$31,836,261
Other State Agencies Medical Expenditures	\$1,430,392,442	\$1,415,623,385	\$1,492,034,164
OHCA Administration	\$136,096,230	\$134,204,093	\$155,788,298
Provider reimbursement rate <i>(as a percentage of the Medicare fee schedule)</i>	86.57%	89.25%	96.75%

SFY 2014

- **No major cuts or benefits reductions in SFY 2014.**
- **Increased Nursing Home Miller Trust fund amount to match the average daily rate.**
- **Initiated Cardiovascular Screening for all newborns and Routine Lipid Profile Screenings for Children.**

SFY 2015

- **7.75% provider rate reduction removed from provider payments**

Other Specific Benefit Reductions:

- **Reduced hospital readmissions occurring w/in 30 days**
- **Reduced payment of Crossovers & Co-insurance**
- **Increased Cost Sharing Amounts to the Federal Limit**
- **Implemented Prior Authorization for all Back & Spinal Surgeries**
- **Excluded Members with Third Party Liability from Medical Homes**
- **Eliminated Perinatal Dental Benefits plus other dental changes**
- **Implemented Prior Authorization of Oxygen after 90 days**

SFY 2016

- The state received an additional \$43 million in federal funding thru the ACA enhanced CHIP matching rate. (23% increase available through FFY 2017).
- 2 state revenue failures (12/2015 and 3/2016) cut \$155 million total (\$64 million state) from OHCA mid-year.
 - 3% provider rate reduction was implemented on 1/1/2016. This cut equates to \$36 million state dollars removed from provider payments.
 - Final SFY 2016 claims payments delayed until SFY 2017, resulting in \$21.8 million (state) shifting from SFY 2016 to SFY 2017 budget.

SFY 2017 BUDGETED

Base State Appropriation	\$991,050,514
Federal Medical Assistance Percentage (FMAP)	59.94%
SoonerCare Medical Expenditures	\$3,822,435,899
Insure Oklahoma Medical Expenditures	\$82,696,483
Electronic Health Records Incentive Payments	\$39,788,361
Other State Agencies Medical Expenditures	\$1,501,066,205
OHCA Administration	\$165,335,796
Provider reimbursement rate <i>(as a percentage of the Medicare fee schedule)</i>	86.57%

SFY 2017

- **FMAP decrease from 60.99% to 59.94%**
- **No major cuts or benefits reductions in SFY 2017.**
- **\$23.5 million surplus GR revenue returned to the agency.**
- **Medicare A & B premiums (Medicare Buy-In) have increased by 26% since January 2015.**
- **The state's contribution for Medicare Part D increased by 15%, which is approximately \$13 million.**

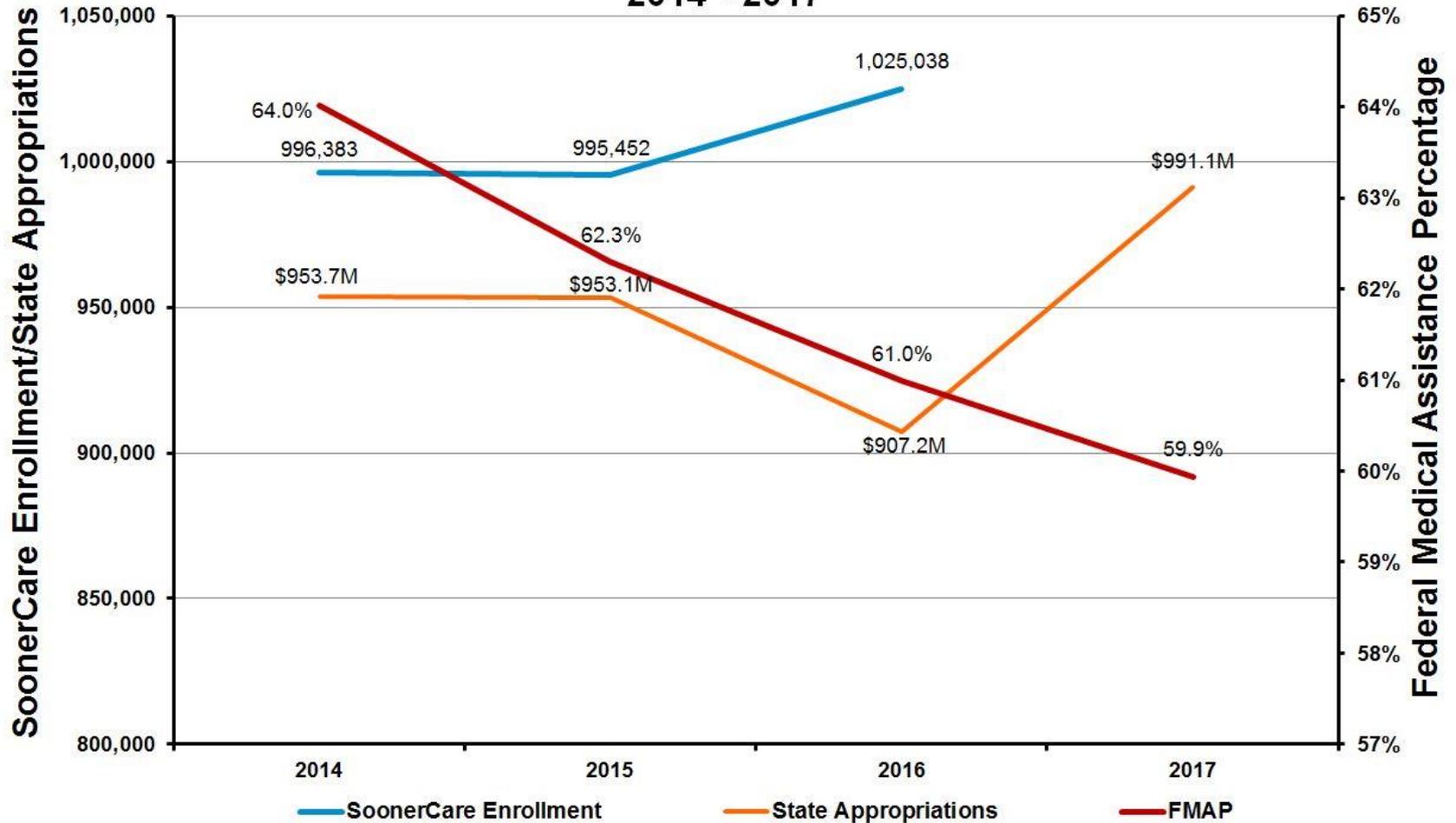
OHCA SFY 2018 BUDGET REQUEST

OKLAHOMA HEALTH CARE AUTHORITY SFY 2018 Budget Request Detail

Description of Priority	# FTE	State	Total
1 Annualizations FFP Match Rate from 59.04% to 58.57% Medicare A & B Premiums - 01/01/17 CHIP - ACA FMAP to Regular FMAP > 10/01/2017 (If Congress does not extend CHIP funding - 9 months impact)		41,402,874	-
		2,922,777	7,113,542
		49,613,547	-
		\$93,939,197	\$7,113,542
2 Maintenance FY'18 Growth/Utilization increases (1.8%) Medicare A & B premiums - 01/01/2018 Medicare Part D (clawback) - 100% State Medicaid Inflationary Contract Increases: Pediatric Diabetes Management MMIS (HPE) Care Management FTE required to maintain Medicaid Program		19,104,517	55,131,742
		2,967,824	7,163,468
		7,626,223	7,626,223
		20,000	40,000
		54,982	210,346
		331,250	6,125,000
	11.0	312,326	782,317
	11.0	\$30,417,123	\$77,079,095
3 Mandates Security Governance Director Provider Enrollment Staffing		14,423	144,227
		118,425	236,849
		\$132,847	\$381,076
	5.0		
4 One-Time Funding FY-16 Carryover & Replace FY-16 General Revenue Reconciliation (State Surplus) State Funding for delayed payment cycle from FY'16 to FY'17		39,042,831	-
		(23,524,033)	-
		(21,796,674)	-
		(\$6,277,876)	\$0

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SoonerCare Enrollment, State Appropriations & Federal Medical Assistance Percentage 2014 - 2017



SoonerCare Enrollment and State Appropriations are State Fiscal Year. Excludes Insure Oklahoma. FMAP is Federal Fiscal Year.
 Source: OHCA Annual Reports; OHCA Budget Reports; and Department of Health and Human Services - www.aspe.hhs.gov/health/fmap.htm.
 Data valid as of 12/19/2016.

HOW MUCH IS NEEDED TO MAINTAIN **TODAY'S** SOONERCARE PROGRAM?

	State Share
Annualizations <i>(FMAP, Medicare A & B, CHIP)</i>	\$93,939,197
Maintenance <i>(Growth/Utilization, Medicare A & B, Medicare Part D)</i>	\$30,417,123
Mandates <i>(FTE to fulfill federal mandates)</i>	\$132,847
One-Time Funding <i>(SFY 2016 carryover, SFY 2016 revenue failure funds returned, SFY 2016 delayed payment cycle)</i>	(\$6,277,876)

OTHER SFY 2018 BUDGET REQUESTS

- **SoonerHealth+ ABD Care
Coordination Program** **\$52.92M**
- **Restore 1/1/2016 provider rate cut**
\$24.26M
- **Remove certain medications from
monthly RX limit** **\$2.29M**

TOTAL: \$197.68 million

Questions?