GENTNER DRUMMOND
ATTORNEY GENERAL

January 16, 2026

Clay Bullard
Chief Executive Officer
Oklahoma Health Care Authority
clay.bullard@okhca.org

Dear Director Bullard:

This follows our conversation of today regarding the administration of the State-Directed Provider Incentive Program (DPP) within Oklahoma's managed Medicaid system.

State-directed incentive payments were approved as an integral component of managed care implementation, intended to support provider participation, stabilize access to care, and ensure that federal funds authorized for these purposes are administered accurately, consistently, and in alignment with statutory authority and contractual obligations.

While state-directed provider incentive funds have been approved and allocated, concerns have emerged regarding how these payments are being administered. Providers across Oklahoma report delays, inaccuracies, and inconsistencies in eligibility determination, performance attribution, and payment execution that are preventing the program from functioning as intended.

Recent public statements and published payment data underscore the need for clarity and corrective action. At a January 15, 2026, provider town hall in Ada, senior OHCA leadership indicated that certain mental health provider categories were not eligible for state-directed incentive payments. However, OHCA's own publicly published payment files reflect directed payments being issued to entities operating within the mental health space. This inconsistency highlights confusion regarding program eligibility and administration.

These administrative failures are compounded by the timing and cadence of payments. Delayed and infrequent distributions are creating acute cash-flow strain for providers delivering essential services—particularly rural hospitals and high-Medicaid providers that lack the ability to absorb extended payment delays. Recent public reporting has documented instances in which delayed Medicaid supplemental payments briefly threatened hospital payroll obligations.

Provider feedback from across the state—rural and metropolitan, pediatric, hospital, and specialty—reflects a consistent theme: payment delays, administrative errors, and incorrect attribution under managed Medicaid represent the most significant operational challenge many practices have faced in years.

313 N.E. 21ST STREET • OKLAHOMA CITY, OK 73105 • (405) 521-3921 • FAX: (405) 521-6246

Accordingly, I am requesting that the Oklahoma Health Care Authority provide a written assessment addressing the following:

1. The processes used to determine provider eligibility and incentive amounts, including how data is validated and corrected.

2. The controls in place to ensure payments are issued to the correct providers in correct amounts.

3. The administrative or data-related issues contributing to delayed or incorrect payments and corrective actions underway.

4. An evaluation of whether current payment cadence is adequate or if increased frequency is necessary to prevent further strain on impacted providers.

5. A plan to reconcile and issue all outstanding DPP payments and implement monthly interim distributions until value-based incentives from MCO's are stabilized.

I appreciate your attention to this matter and look forward to your response.

Respectfully,

GENTNER DRUMMOND
Attorney General