

APA WF 25-24 PACE Two-Way Agreement Rule Impact Statement

A. Purpose of the proposed rule and legal authority *(75 OS 253(B)(2)(b)(1), 75 OS 303(D)(2)(a))*

The purpose of the proposed rule changes is to ensure OHCA can meet its state and federal oversight obligations as the State administering agency for Programs of All-Inclusive Care for the Elderly (PACE) organizations.

The legal authority for this proposed rule is 63 O.S. §5007(C)(2) and 56 O.S. §1017.7.

B. Brief description of the proposed rule *(75 OS 253(B)(2)(b)(3))*

The proposed policy changes establish a new contract for Programs of All-Inclusive Care for the Elderly (PACE) organizations. PACE organizations are required by federal regulation to enter into a three-way agreement with both OHCA and CMS. OHCA has limited enforcement capabilities under the three-way agreement. The proposed revisions will require PACE organizations to enter into a two-way agreement with OHCA only, in addition to the existing three-way agreement. The two-way agreement will create new guardrails around PACE and allow OHCA to better enforce federal and state regulations and contractual obligations.

C. Classification of proposed rule *(75 OS 253(B)(2)(b)(2))*

Classification: Nonmajor

Justification: The proposed changes are expected to be budget neutral because they do not impact coverage or reimbursement.

Total annual implementation and compliance costs: Budget neutral.

Methodology used to calculate costs *(75 OS 253(B)(2)(b)(7))*: The proposed rules are not anticipated to impact PACE utilization. They do not impact coverage or reimbursement.

D. Description of affected classes of persons most likely to be impacted by the proposed rule *(75 OS 253(B)(2)(b)(4), 75 OS 303(D)(2)(b))*

No classes of persons are expected to be directly impacted by the proposed rule. PACE participants may be indirectly impacted by this rule.

E. Description of classes who will benefit from the proposed rule (75 OS 253(B)(2)(b)(5), 75 OS 303(D)(2)(c))

PACE participants, SoonerCare members, and Oklahoma taxpayers will benefit from the proposed rule. The proposed rule will allow OHCA to better enforce PACE regulations and be a responsible steward of agency funds.

F. Comprehensive economic impact analysis (75 OS 253(B)(2)(b)(6), 75 OS 303(D)(2)(d)): There is no anticipated economic impact because the proposed rules do not impact coverage or reimbursement. Both OHCA and PACE organizations are required by federal law to enter into a three-way PACE agreement and have done so; therefore, OHCA and PACE organizations should already have access to the professional services necessary to implement a two-way agreement.

Methodology used to calculate costs (75 OS 253(B)(2)(b)(7)): The proposed changes are expected to be budget neutral because they do not impact coverage or reimbursement.

G. Probable costs and benefits to OHCA and other agencies (75 OS 253(B)(2)(b)(6), 75 OS 303(D)(2)(e))

The only anticipated costs to OHCA are staff time necessary to create and enforce the two-way agreement. These costs will be absorbed by existing agency capacity.

There are no anticipated impacts of the proposed rules on other agencies.

H. Economic impact on political subdivisions and whether their cooperation is required (75 OS 253(B)(2)(b)(8), 75 OS 303(D)(2)(f))

There is no anticipated economic impact on any political subdivisions, and their cooperation is not required.

I. Economic impact on small businesses (75 OS 253(B)(2)(b)(9), 75 OS 303 (D)(2)(g))

There is no anticipated economic impact on small businesses.

J. Measures taken to minimize compliance costs and assessment of less costly, less intrusive, or nonregulatory alternatives (75 OS 253(B)(2)(b)(10), 75 OS 303(D)(2)(h))

To minimize compliance costs, only the minimum necessary changes to PACE rules are proposed here.

Under the existing three-way agreement, OHCA is often dependent on CMS action to pursue enforcement or legal recourse when PACE organizations do not comply with applicable regulations or contracts. For this reason, OHCA has struggled to meet its state and federal obligations as the State administering agency under the three-way agreement. Less costly, intrusive, or nonregulatory alternatives will sustain the status quo and will not provide OHCA with the enforcement capabilities it needs to meet its oversight responsibilities.

K. Effect of the rule on public health, safety, and the environment *(75 OS 253(B)(2)(b)(11), 75 OS 303(D)(2)(i))*

The proposed rule changes are expected to have a positive effect on public health and safety by allowing OHCA to better enforce federal and state regulations and the contractual obligations of PACE organizations. These regulations and obligations exist to protect public health and safety of SoonerCare members and PACE participants.

L. Detrimental effects if the proposed rule is not implemented *(75 OS 253(B)(2)(b)(12), 75 OS 303(D)(2)(j))*

If the proposed rules are not implemented, OHCA will continue to be limited in its enforcement capabilities as the State administering agency. Under the existing three-way agreement, OHCA is often dependent on CMS action to pursue enforcement or legal recourse when PACE organizations do not comply with applicable regulations or contracts. As the State administering agency, OHCA has oversight of PACE organizations. The two-way agreement will allow OHCA to better perform its oversight and enforcement responsibilities and protect PACE participants, SoonerCare members, and agency funds.

M. Summary of and preliminary comparison to existing or proposed federal regulations *(75 OS 303(D)(2)(n))*

OHCA is compliant with existing federal regulations related to the PACE three-way agreement. OHCA is not aware of any existing or proposed federal regulations related to the PACE two-way agreement or of any proposed federal regulations related to the PACE three-way agreement.

N. Analysis of alternatives to adopting the proposed rule (75 OS 303(D)(2)(l))

Under the existing three-way agreement, OHCA is often dependent on CMS action to pursue enforcement or legal recourse when PACE organizations do not comply with applicable regulations or contracts. For this reason, OHCA has struggled to meet its state and federal obligations as the State administering agency under the three-way agreement. Less costly, intrusive, or nonregulatory alternatives will sustain the status quo in which OHCA lacks the enforcement capabilities it needs to meet its oversight responsibilities.

O. Estimates of internal OHCA employee time and other resources used to develop the proposed rule (75 OS 303(D)(2)(m))

Policy staff time: 10 hours

PACE staff time: 30 hours

Legal/Contracts staff time: 30 hours

P. Date statement prepared or modified (75 OS 253(B)(2)(b)(13), 75 OS 303(D)(2)(k))

Prepared: November 26, 2025

Modified: December 1, 2025