

Rule Impact Statement

A. Purpose of the proposed rule and legal authority

The proposed rule revisions are necessary to implement Sections 71107 and 71112 of Public Law 119-21. Section 71107 requires eligibility redeterminations every six months for individuals enrolled in the Medicaid adult expansion group, subject to applicable federal exemptions. Section 71112 reduces the maximum retroactive eligibility period from three months to one month for the adult expansion group and two months for other Medicaid eligibility groups.

Authority: Oklahoma Health Care Authority Board; 63 O.S. §§ 5007(C)(2) and 5052; Pub. L. 119-21, §§ 71107 and 71112; 42 U.S.C. §§ 1396a(a)(34), 1396a(e)(14)(L), and 1396d(a).

B. Brief description of the proposed rule

The Oklahoma Health Care Authority proposes rule revisions to implement federally required changes to Medicaid eligibility redetermination and retroactive eligibility periods. The proposed revisions establish six-month eligibility redeterminations for the adult expansion group and reduce retroactive eligibility to one month for the adult expansion group and two months for other Medicaid eligibility groups.

C. Classification of proposed rule

Classification: ☐ Major ☒ Nonmajor

Justification: *(Include estimate of total implementation and compliance costs over 5 years and basis for estimate. If ≥ \$1,000,000 → classified as major.)*

Based on currently available estimates, implementation and compliance costs are not expected to exceed \$1,000,000 over the initial five-year period. Identified implementation costs total \$338,100 for SFY 2027, consisting of \$304,290 in federal funds and \$33,810 in state funds. No additional implementation costs are currently anticipated for SFY 2028.

The estimated costs are associated with eligibility system modifications and administrative changes necessary to implement the federally mandated eligibility redetermination and retroactive eligibility requirements. Medicaid expenditure savings are not included in the calculation of implementation and compliance costs for purposes of determining the rule's classification.

D. Description of affected classes of persons most likely to be impacted by the proposed rule

Persons most likely to be affected are individuals enrolled in the Medicaid adult expansion group who will be subject to six-month eligibility redeterminations and Medicaid applicants who may qualify for retroactive eligibility.

E. Description of classes who will benefit from the proposed rule

The proposed rule implements mandatory federal eligibility requirements rather than establishing a new Medicaid benefit. Individuals who remain eligible at redetermination will

continue Medicaid coverage in accordance with applicable eligibility requirements. Additional impacts are still being evaluated.

F. Comprehensive economic impact analysis

Methodology used to calculate costs:

The proposed rule will have administrative, fiscal, and coverage impacts associated with more frequent eligibility redeterminations and reduced retroactive eligibility periods. Currently identified implementation costs total \$338,100 for SFY 2027.

An actuarial analysis evaluated three illustrative enrollment scenarios associated with implementation of federal Medicaid eligibility changes under Public Law 119-21. These scenarios estimate Medicaid expenditure savings ranging from approximately \$12.54 million to \$47.80 million in SFY 2027 and \$6.50 million to \$8.20 million in SFY 2028.

The scenarios use projected member months, Medicaid expansion capitation rates, and assumptions regarding disenrollment and reenrollment. The estimates are intended to illustrate potential outcomes rather than forecast actual savings. The analysis does not separately quantify the effects of six-month redeterminations or reduced retroactive eligibility periods. Accordingly, the projected savings cannot be attributed solely to this proposed rule.

Actual fiscal impacts will depend on enrollment patterns, eligibility verification processes, and implementation outcomes. The rule does not establish or change fees. No direct implementation or compliance costs to businesses or political subdivisions have been identified.

G. Probable costs and benefits to OHCA and other agencies

OHCA will incur implementation and administrative costs associated with eligibility system changes, redetermination processes, notices, and related operations. Identified implementation costs total \$338,100 for SFY 2027, including \$33,810 in state funds. Implementation of the federal eligibility changes may reduce Medicaid expenditures through changes in enrollment and the duration of coverage. However, the fiscal effects attributable specifically to six-month redeterminations and reduced retroactive eligibility have not been separately quantified. No additional costs or benefits to other state agencies have been identified at this time.

H. Economic impact on political subdivisions and whether their cooperation is required

No direct economic impact on political subdivisions is expected, and their cooperation is not required to administer the proposed rule based on information currently available.

I. Economic impact on small businesses

No direct economic impact on small businesses has been identified based on information currently available.

J. Measures taken to minimize compliance costs and assessment of less costly, less intrusive, or nonregulatory alternatives

The eligibility redetermination and retroactive eligibility changes are required by federal law. OHCA is implementing the requirements using existing eligibility processes and systems where feasible to minimize additional administrative burden and implementation costs.

K. Effect of the rule on public health, safety, and the environment

The proposed rule changes Medicaid eligibility administration rather than clinical standards. Public health effects cannot be fully quantified at this time. More frequent redeterminations may affect continuity of Medicaid coverage for individuals in the adult expansion group, and the reduced retroactive eligibility period may affect payment for services received before application. No environmental impact is expected.

L. Detrimental effects if the proposed rule is not implemented

If the proposed rule is not implemented, Oklahoma would not meet federally required Medicaid eligibility redetermination and retroactive eligibility requirements effective January 1, 2027. Failure to comply with applicable federal Medicaid requirements could result in federal compliance action and affect federal Medicaid funding. The proposed rule is necessary to bring state policy into compliance with federal law.

M. Summary of and preliminary comparison to existing or proposed federal regulations

Section 71107 of Public Law 119-21 amended section 1902(e)(14) of the Social Security Act to require six-month eligibility redeterminations for the Medicaid adult expansion group beginning January 1, 2027, subject to applicable federal exemptions. CMS issued State Medicaid Director Letter 26-001 providing implementation guidance for this requirement. Existing federal regulations at 42 C.F.R. § 435.916 govern Medicaid eligibility renewals.

Section 71112 amended sections 1902(a)(34) and 1905(a) of the Social Security Act to limit retroactive eligibility, for applications made on or after January 1, 2027, to one month prior to the month of application for the Medicaid adult group and two months for other Medicaid eligibility groups. CMS has indicated that additional implementation guidance for Section 71112 is forthcoming.

N. Analysis of alternatives to adopting the proposed rule

There is no alternative to implementing the federally mandated eligibility redetermination and retroactive eligibility requirements. OHCA may make operational choices regarding implementation where permitted by federal law and guidance. Not adopting the proposed rules would leave Oklahoma without the state policy changes necessary to implement the federal requirements by the required deadline.

O. Estimates of internal OHCA employee time and other resources used to develop the proposed rule

Employee time cannot be separately quantified because these rule revisions are being developed concurrently with other Public Law 119-21 eligibility changes, State Plan amendments, systems changes, and implementation activities. Significant staff time and resources have been used across multiple agency divisions to develop the proposed rule and prepare for implementation.

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

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