



SHOPP RECONCILIATION METHODOLOGY

This document provides additional information regarding the reconciliation calculations and potential settlement payments for the Supplemental Hospital Offset Payment Program (SHOPP) State Directed Payment (SDP). This document is specific to the SHOPP SDP made through the SoonerSelect managed care program and does not impact fee-for-service (FFS) SHOPP supplemental payments.

Under Centers for Medicare and Medicaid Services (CMS) requirements, all SDPs must be based on the utilization and delivery of services during the applicable managed care contract period. The first SoonerSelect contract period runs from April 1, 2024, through June 30, 2025.

To facilitate payment timing continuity to the extent practical during Oklahoma's transition to managed care, the Oklahoma Health Care Authority (OHCA) is initially making quarterly interim payments to each SHOPP-eligible hospital based on modeled managed care plan discharges and base payments.

However, in order to comply with CMS requirements, OHCA will perform a reconciliation based on actual in-network managed care plan discharges and payments for the April 2024 through June 2025 contract period. This reconciliation will be performed following the conclusion of the contract period and after the contract period encounter data is sufficiently complete. Additionally, the reconciliation will be performed separately for each class of SHOPP-eligible hospitals:

- SHOPP-eligible critical access hospitals (CAHs)
- All other (non-CAH) SHOPP-eligible hospitals

Under this reconciliation, total SHOPP-directed payments for each class will not change, but payments may be re-distributed across hospitals. OHCA will calculate an updated uniform dollar increase per discharge (for inpatient services) and an updated uniform percentage increase (for outpatient services) for each class of SHOPP-eligible hospitals based on actual in-network managed care plan discharges and payments for the contract period, such that total SHOPP directed payments for each class remain unchanged relative to the initial modeled amounts and continue to sum to the amounts previously approved by CMS. If, based on the updated uniform dollar and percentage increase amounts and actual in-network managed care plan discharges and payments for the contract period, the average absolute percentage change in directed payments would be greater than 5% relative to the interim payments across all hospitals within a given class, a settlement adjustment will be made for hospitals in the class based on the contract period experience. For the



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SHOPP RECONCILIATION DESCRIPTION

purposes of this reconciliation, inpatient discharges in the contract period will be counted using a methodology consistent with the modeling used to develop interim payments.

OHCA currently anticipates performing the reconciliation for the first managed care contract period with six (6) months of runout (i.e., runout through December 31, 2025) to allow for claim submission, claim payment and managed care entity encounter submission. Data collection, reconciliation calculations, and any resulting settlement payments are anticipated to occur during the first six months of 2026.

The below table provides illustrative calculations of hypothetical quarterly interim payments based on modeled managed care plan discharges and base payments, revised payment amounts based on contract period experience, and settlement adjustments (if required). This illustration is shown for inpatient payments only and is based on a hypothetical provider class that includes only two hospitals. Please note that this illustrative calculation is a simplified example across only two hospitals and does not account for outpatient services, nor for the cap of payments (at billed charges) applicable to critical access hospital payments; as a result, the final settlement calculation will not align exactly with this illustration.

Final reconciliation and settlement calculations are subject to change based on final policy decisions to be made by OHCA.

SHOPP RECONCILIATION DESCRIPTION

Illustrative SHOPP Reconciliation Calculation				
<i>(Sample Class with Two Hospitals - Using Inpatient Services Only)</i>				
Blue shading = modeled values used to develop interim payments				
Peach shading = actual values collected after managed care contract rating period				
		(1)	(2)	(3)
		Hospital #1	Hospital #2	Aggregate
Step 1: Model Interim Payments (already completed)				
(A)	Modeled discharges	105	90	195
(B)	Modeled SHOPP payment per discharge	\$9,000.00	\$9,000.00	\$9,000.00
(C) = (A) x (B)	Modeled interim payments (entire contract period)	\$945,000	\$810,000	\$1,755,000
(D) = (C) / 5	Modeled quarterly interim payments	\$189,000	\$162,000	\$351,000
Step 2: Revised Calculation with Actual Data (to be completed after contract period)				
(E)	Actual discharges for contract period	115	115	230
(F) = (C3) / (E3)	Revised SHOPP payment per discharge	\$7,630.43	\$7,630.43	\$7,630.43
(G) = (E) x (F)	Calculated SHOPP payment with actual data	\$877,500	\$877,500	\$1,755,000
(H) = (G) / (C) - 1	Percentage difference (actual vs modeled)	-7.1%	8.3%	
(I) = Abs. value of (H)	Absolute percentage difference	7.1%	8.3%	
(J) = Average of (I1,I2)	Average absolute percentage difference			7.7%

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Step 3: Determination of Final Settlement (to be completed after contract period)				
(K) = "Yes" if (J3) > 5%; Otherwise "No"	Settlement needed?	Yes	Yes	Yes
(L) = Maximum of [(J) - 5%] and [0%]	Average absolute percentage difference in excess of 5% threshold			2.7%
(M) = (H) x (L3) / (J3)	Adjustment to interim payment to achieve 5% average absolute percentage difference	-2.5%	2.9%	
(N) = if (K) = "Yes" then (M) x (C); Otherwise \$0	Reconciliation payment to (from) hospital	(\$23,885)	\$23,885	\$0