Investing in Oklahoma

House Public Hearing, January 10, 2017
Becky Pasternik-Ikard
Chief Executive Officer
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 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.

- Hospital Services
- Physician Services
- Long-term Care Services
- Pharmacy Services
- Private Insurance Coverage - 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 BY COUNTY (SFY 2016)

SFY is June - July. Does not include Insure Oklahoma.
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.
Expenditures are disproportionate compared to population size.

Enrollees SFY 2016

- Aged, Blind and Disabled, 177,652
- SoonerPlan, 77,347
- OTHER, 42,606
- Children/Parent, 768,749

Enrollees can be in multiple groups during the SFY.

Expenditures = Over $ 5 billion

Enrollment = 1,025,038
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.


- OHCA continues to make program improvements as authorized under current state law and the federal waiver.
<table>
<thead>
<tr>
<th></th>
<th>SFY 2014</th>
<th>SFY 2015</th>
<th>SFY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>$95.4 M</td>
<td>$68.07 M</td>
<td>$66.72 M</td>
</tr>
<tr>
<td>ESI enrollees</td>
<td>23,727</td>
<td>21,605</td>
<td>25,174</td>
</tr>
<tr>
<td>IP enrollees</td>
<td>16,456</td>
<td>6,725</td>
<td>7,366</td>
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</table>
# INSURE OKLAHOMA TODAY

*As Of Nov 30, 2016*

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

<table>
<thead>
<tr>
<th>Total Enrollment</th>
<th>19,891</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESI</td>
<td>15,172</td>
</tr>
<tr>
<td>IP</td>
<td>4,719</td>
</tr>
</tbody>
</table>

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

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

*Note: The percentages represent the reimbursement rate as a percentage of the Medicare fee schedule.*
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

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

*Source: Oklahoma Health Care Authority*
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.
## OKLAHOMA HEALTH CARE AUTHORITY
### SFY 2018
#### Budget Request Detail

<table>
<thead>
<tr>
<th>Description of Priority</th>
<th># FTE</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annualizations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFP Match Rate from 50.94% to 50.57%</td>
<td>41,422,074</td>
<td>7,113,542</td>
<td></td>
</tr>
<tr>
<td>Medicare A &amp; B Premiums - 01/01/17</td>
<td>7,402,777</td>
<td>7,113,542</td>
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<tr>
<td>CHIP - ACA FMAP to Regular FMAP &gt; 10/01/2017</td>
<td>40,013,647</td>
<td>7,113,542</td>
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<tr>
<td>(If Congress does not extend CHIP funding - 8 months impact)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>93,339,197</td>
<td>77,073,095</td>
<td></td>
</tr>
<tr>
<td><strong>Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18 Growth/Utilization increases (1.8%)</td>
<td>19,104,517</td>
<td>55,131,742</td>
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<tr>
<td>Medicare A &amp; B premiums - 01/01/18</td>
<td>2,967,024</td>
<td>7,183,486</td>
<td></td>
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<tr>
<td>Medicare Part D (clearback) - 100% State</td>
<td>7,626,233</td>
<td>7,020,223</td>
<td></td>
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<tr>
<td>Medicaid Inflationary Contract Increases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pediatri Diabetes Management</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>MMIS (HPE)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Care Management</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FTE required to maintain Medicaid Program</td>
<td>11.0</td>
<td>52,326</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>30,417,123</td>
<td>77,073,095</td>
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<tr>
<td><strong>Mandates</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Security Governance Director</td>
<td>1.0</td>
<td>14,423</td>
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<tr>
<td>Provider Enrollment Staffing</td>
<td>4.0</td>
<td>118,425</td>
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<tr>
<td><strong>Total</strong></td>
<td>132,847</td>
<td>144,227</td>
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<tr>
<td><strong>One-Time Funding</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY16 Carryover &amp; Replace</td>
<td>19,042,831</td>
<td></td>
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<tr>
<td>FY16 General Revenue Reconciliation (State Surplus)</td>
<td>(23,224,033)</td>
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<tr>
<td>State Funding for delayed payment cycle from FY10 to FY17</td>
<td>(21,706,674)</td>
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<tr>
<td><strong>Total</strong></td>
<td>9,877,876</td>
<td></td>
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Draft
SoonerCare Enrollment, State Appropriations & Federal Medical Assistance Percentage
2014 - 2017

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Data valid as of 12/19/2016.
## How Much Is Needed to Maintain Today’s Soonercare Program?

<table>
<thead>
<tr>
<th>Description</th>
<th>State Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annualizations</strong> <em>(FMAP, Medicare A &amp; B, CHIP)</em></td>
<td>$93,939,197</td>
</tr>
<tr>
<td><strong>Maintenance</strong> <em>(Growth/Utilization, Medicare A &amp; B, Medicare Part D)</em></td>
<td>$30,417,123</td>
</tr>
<tr>
<td><strong>Mandates</strong> <em>(FTE to fulfill federal mandates)</em></td>
<td>$132,847</td>
</tr>
<tr>
<td><strong>One-Time Funding</strong> <em>(SFY 2016 carryover, SFY 2016 revenue failure funds returned, SFY 2016 delayed payment cycle)</em></td>
<td>($6,277,876)</td>
</tr>
</tbody>
</table>
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?