Oklahoma Health Care Authority

§1115(a) SoonerCare Research and Demonstration Waiver Amendment Request

Project Number: 11-W-00048/6

Submitted
January 19, 2018

EXECUTIVE SUMMARY

Oklahoma's single state Medicaid agency, the Oklahoma Health Care Authority (OHCA), operates the §1115(a) SoonerCare Research and Demonstration Waiver, which was initially approved in 1995. The waiver authorizes the SoonerCare Choice and Insure Oklahoma (IO) demonstrations.

With this amendment request, OHCA seeks approval of the following modifications to the demonstration for the 2018 extension period:

1. Modify the Special Terms and Conditions (STC) to add qualifying supplemental payments to (a) Oklahoma public universities and/or federally recognized entities that offer qualified physician (M.D. and D.O.) Oklahoma based residency training programs in recognition of the higher cost associated with these programs for physician recruitment and training to maintain sufficient access to quality preventive, primary and specialty healthcare for SoonerCare members and (b) to offer an OHCA approved physician qualified loan repayment program;
2. Modify the waiver language to add hypothesis and evaluation criteria to test and measure the adequacy and sufficiency of the proposed program; and
3. Modify the expenditure authority to add expenditures related to services provided under the program.

Background:

In recognition of CMS's commitment to assist the OHCA in identifying a path forward for critical funding that supports access and healthcare delivery for Medicaid beneficiaries, the OHCA is submitting this amendment to continue support, through supplemental payments, of physician residency training programs and physicians who practice in rural communities.

Oklahoma's two medical schools; specifically the University of Oklahoma, College of Medicine (OU) and the Oklahoma State University Center for Health Sciences (OSU) are key clinical partners with the OHCA in the delivery of Medicaid services in the state. Funding made available through the Section 1115 Medicaid waiver, will continue to enhance the healthcare provided to the Medicaid population by the schools. The schools have the unique capability and commitment to train the next generation of physicians in outpatient clinical settings that are simultaneously delivering critical services to Medicaid beneficiaries. Currently, the schools are the Accreditation Council on Graduate Medical Education (ACGME) residency program sponsoring institutions and these payments are intended to partially support and defray costs of the clinics owned and operated by the schools. These costs may include support personnel, equipment, supplies, pharmaceuticals, facility upgrades and Health Insurance Portability and Accountability Act compliance costs. These payments also provide partial salary support for physician faculty who provide clinical care and/or supervision and training of residents that serve the Medicaid population. This support may be directed toward specific physician shortages unique to Oklahoma and the Medicaid program. Additionally, these payments will help covered residency programs remain in compliance with accreditation requirements. Also, these funds support the operating costs associated with being the sponsoring institution of the graduate medical education programs. These costs include program director support, residency program coordinators, resident professional liability insurance, recruitment expenses and other program costs.

The Oklahoma loan repayment program component of this proposal is administered by a separate state agency, the Physician Manpower Training Commission (PMTC). Their website states that their mission is "to enhance medical care in rural and underserved areas of the state by administering residency, internship and scholarship incentive programs that encourage medical and nursing personnel to practice in rural and underserved areas". The physician loan repayment program enhances the availability of health care services to Medicaid members by increasing the number of practicing physicians in rural and underserved areas of Oklahoma. Only those physicians who are Medicaid contracted providers and who establish a practice in a community located in Oklahoma are eligible to receive payment under this program. Currently, there are thirty-four (34) participants in the program and with the approval of this proposal, it is anticipated that the capacity will increase to fifty (50).

Proposed Effective Date:
On or after March 1, 2018

Participation Requirements

- Providers participating in the residency training program must be: (1) an OHCA contracted provider for Medicaid compensable services; (2) an Oklahoma public university or federally recognized tribe that offers accredited physician (M.D. or D.O.) residency training programs that are accredited by the ACGME; (3) a sponsoring institution of an ACGME accredited residency training program; and (4) an owner and operator of teaching clinics that furnish ambulatory care services to Medicaid beneficiaries.
- Providers participating in the Oklahoma Medical Loan Repayment Program (OMLR) must: (1) be an OHCA contracted provider for Medicaid compensable services; (2) be licensed to practice medicine in Oklahoma; (3) have legitimate, documented education loans; (4) not have received previous assistance from PMTC nor have any service obligation that would conflict with the proposed obligation; and (5) not be currently practicing in a rural Oklahoma community. The service obligation for the program is that participating physicians must agree to a minimum of two (2) years practice in a rural or underserved area. Financial assistance may be extended to a maximum of four years. To receive the total award, the physician is also required to (1) practice in a rural community of 10,000 or less residents for four (4) years; (2) have a caseload of at least 25% Medicaid members or in such case that the 25% threshold cannot be met, due to the demographics of the case mix, serve 100% of the Medicaid members that present for care; and (3) consult and provide referrals for all smokers to the Oklahoma tobacco hotline.

Member Benefits

- Member benefits under this proposal include, but are not limited to, (1) increased access to high quality, person centered care; (2) access to primary care physicians; (3) promotion of efficiencies that ensure Oklahoma Medicaid's long-term sustainability; (4) efforts that support coordinated strategies to address certain health determinants; and (5) increased access to preventive care.
- Historically, the medical schools have been major providers in the Oklahoma Patient Centered Medical Home (SoonerCare Choice (SCC)), and the Insure Oklahoma (IO),

delivery systems approved under the existing waiver. Combined, the two medical schools are the primary care medical home providers for approximately one third of SCC members.

Impact of Residency Training and Loan Repayment Programs

Oklahoma Medicaid contracted physicians provide direct clinical services and order many ancillary services such as:

- Hospital admissions;
- Laboratory
- Imaging studies
- Prescription drugs
- Home health care
- Durable Medical Equipment
- Referrals to specialty care
- Referrals to behavioral health

Physicians provide significant medical necessary care far beyond their direct patient care in a medical clinic. This proposal addresses the needed access to immediate care and reduces barriers to other medically necessary services, which have historically been problematic for Oklahoma Medicaid.

Expenditure Authority

Reimbursement associated with the residency training program and the loan repayment program is based on the following methodology.

Residency Training Program Reimbursement

- A pool will be established to reimburse approved sponsoring institutions, university and/or federally recognized tribes, for the added cost associated with operating residency training programs. The pool amount was established by a methodology utilizing a RAND Corporation Research Report from 2013. The calculation of the pool amount is as follows:

- To arrive at the total cost pool, we started with the major costs associated with running a Graduate Medical Education program within an outpatient clinical practice, which include, but are not limited to physician faculty effort, clinic costs and central support costs. The total amount of physician faculty salary & benefit costs was adjusted to reflect first, the amount attributable to the clinical effort versus education and research/scholarly efforts. These clinical effort costs were adjusted by multiplying the total amount by the Medicaid percentage of our clinical business. The adjusted figure was the basis for calculating the incremental amount attributable to the indirect cost of caring for a large Medicaid population within a learning environment. We used a 30% figure based on a 2013 RAND Corporation Study as the cost differential for outpatient clinic costs. The teaching clinic costs were adjusted by both the Medicaid percentage of our payor mix and the cost differential. The central support costs were adjusted first by the clinical mission percentage and then by the Medicaid percentage and cost differential.

Our second calculation included looking at specific residency training costs associated with being the institutional sponsor of an ACGME-accredited training program and the costs both institutions bear for training positions for which there is no offsetting federal source of support. These costs included resident and fellow positions over the Medicare caps set for each of our affiliated teaching hospitals and positions that the schools pay for, program costs including, program director support, residency program coordinators, resident professional liability insurance, recruitment expenses and other program costs.

Reference
Wynn, Barbara O., Smalley, Robert, and Cordasco, Kristina M., "Does It Cost More to Train Residents or to Replace Them? A Look at the Costs and Benefits of Operating Graduate Medical Education Program" RAND Corporation, 2013 Research Report pp. 22-23, 29-32

The total pool based on this methodology is approximately **$104.2 million.**

The pool amount will be adjusted each subsequent year on January 1st by applying the most recent available Consumer Price Index (CPI)-Medical to determine the new pool amount.

The annual Pool funds will be allocated based on the following:

1) Sub-Pool 1 (25%): Total resident/fellow positions filled by sponsoring institution divided by Total resident/fellow positions filled by sponsoring institutions (ratio applied to sub-pool percentage)
2) Sub-Pool 2 (20%): Total Primary Care residency positions (family medicine, internal medicine, pediatrics, OB-GYN and geriatrics) filled by sponsoring institution divided by Total Primary Care residency positions filled by sponsoring institutions (ratio applied to sub-pool percentage)
3) Sub-Pool 3 (5%): Total Psychiatry residency positions filled by sponsoring institution divided by Total Psychiatry residency positions filled by sponsoring institutions (ratio applied to sub-pool percentage)
4) Sub-Pool 4 (20%): Total Rural residency positions filled by sponsoring institution divided by Total Rural residency positions filled by sponsoring institutions (ratio applied to sub-pool percentage)
5) Sub-Pool 5 (15%): Total SCC member months for each sponsoring institution divided by the total member months for all sponsoring institutions
6) Sub-Pool 6 (15%): Specialty physicians employed by each sponsoring institution divided by total specialty physicians employed by sponsoring institutions (reflected as full-time equivalent)

The sum of the Sub-Pools (Sub-Pool 1, Sub-Pool 2, Sub-Pool 3, Sub-Pool 4, Sub-Pool 5 and Sub-Pool 6) for each school is applied to the total Pool funding to be allocated. The annual Pool funds will be disbursed quarterly to Medicaid contracted providers.

Oklahoma Medical Loan Repayment Program

- The OMLR program reimburses physicians a not to exceed amount of $160,000 (per physician) over a four year period allocated as Year 1 $25,000; Year 2 $35,000; Year 3 $45,000; and Year 4 $55,000. The total estimated impact for the OMLR is approximately **$800,000** (per year).

The total impact of the physician residency training program and the OMLR program is approximately **$105,000,000** for the first year.

Tribal Impact

There are currently ten (10) hospitals and fifty-three (53) outpatient facilities operated by the Indian Health Service and Tribal governments, which are SoonerCare providers. The majority of these sites is rural and has enhanced challenges in recruiting and retaining medical professionals. Several federally-recognized Tribal governments have taken initiative to begin medical residency programs. Unfortunately, these programs are not authorized in federal legislation to participate in the conventional medical residency program funded by Medicare. Currently, OSU or the Osteopathic Medical Education Consortium of Oklahoma, Inc. (OMECO) is the sponsoring institution for certain federally recognized tribes that have ACGME resident training programs.

One of the programs allows the residents to provide care to patients at two rural facilities; the Northeastern Health System Hospital and the Cherokee Nation Hastings Hospital. Since 2011, the program has had twenty-one (21) residents graduate. Of the 21 graduates, sixteen (16) currently practice within Oklahoma and all 16 physicians practice in rural settings where, traditionally, it has been difficult to recruit and retain physicians. In June 2018, three (3) additional residents will graduate from the program. One of the residents has signed a letter of intent to practice in the area. The other two are pursuing practices in rural Oklahoma. If they are successful in locating within rural Oklahoma as expected, 20 of the 24 (83.3%) family practice physicians that have graduated from the program will provide much needed health care to rural Oklahoma and Medicaid patients.

Another Oklahoma tribal resident program is operated by the Choctaw Nation. The Choctaw Nation of Oklahoma has operated a medical residency program since 2012, accredited by ACGME and has American Osteopathic Association (AOA) recognition. OMECO serves as the sponsoring institution for this program. Of its ten (10) graduates, eight (8), or 80% continue to practice within the Choctaw Nation's health system in rural Oklahoma, and one (1) physician practices elsewhere in rural Oklahoma, for a total of 90% continuing to work in rural Oklahoma.

In addition to the above tribal run residency programs, the Chickasaw Nation will operate its own medical residency program in June of 2018. The program is an ACGME accredited Family Medicine Residency Program and has American Osteopathic Association (AOA) recognition. OSU serves as the sponsoring institution for this program. The Chickasaw Nation Family Medicine Residency Program is a 4-4-4 program for a total of twelve (12) residents possible. The residents will work in the Chickasaw facilities prior to completing their training which will

allow them to experience and witness how the Chickasaws care for their patients and gives them the opportunity to become employed.

Through tribal consultation and participation in the workgroup for this proposal, the tribes have expressed interest in becoming a sponsoring institution to be an eligible participant in this program. Based on the consultation feedback, this proposal has been written to accommodate future inclusion for the tribes in this program.

Public Notice and Tribal Consultation

OHCA conducted tribal consultation on January 12, 2018 in the OHCA board room and conducted a public meeting with the Medical Advisory Committee (MAC) on January 18, 2018.

On January 12, 2018 by a vote of 5 for and 0 against, the Inter-Tribal Council of the Five Civilized Tribes (ITC) signed Resolution No. 18-04 that states in part…the ITC understands that the Oklahoma Health Care Authority, the State Medicaid agency, must submit to CMS immediately with a wavier amendment or other mechanism to ensure that these critical and substantial health services are not lost, and we acknowledge it will require an expedited Tribal Consultation that may be shorter than the 14-days required in its State plan...Further, the resolution contained language that states " the Inter-Tribal Council of the Five Civilized Tribes calls upon the State of Oklahoma, Congress and the Trump Administration to find a long-term solution to continue CMS funding to OSU and OU to ensure the SoonerCare participants will not face a health care gap and to safeguard the healthcare network of the state".

Additionally, OHCA published notice of the MAC meeting in several Oklahoma newspapers across the state. Finally, OHCA posted the draft amendment on the OHCA public website for the period January 15, 2018-January 19, 2018 for public comment. Comment summaries from both meetings and the website are included in this submission.

Budget Neutrality

The OHCA assures CMS that it is in compliance with budget neutrality requirements found at Section XIII and beginning with STC # 71.

Evaluation Design

To comply with the requirement to measure the effectiveness of the program, the OHCA will evaluate the physician resident training program based on the following criteria.

- For the evaluation of the residency program, the following metrics will be applied.
    - Goal: Reduce costs associated with provision of direct services to SoonerCare beneficiaries by qualified providers.
        - Hypothesis: The qualifying providers will reduce their per member per month (pmpm) cost by 1% as applied to a full calendar year.
        - Methodology for testing: A qualifying provider's (QP) per member per month (calculated by dividing QP's monthly SoonerCare expenditures by the corresponding QP's SoonerCare Choice members) will be compared to a 3-yr rolling average pmpm adjusted by the CPI-Medical (calculated by the sum of the most recent 3 yrs. expenditures divided by sum of the most recent 3 years of members in SCC)

- Goal: Maintaining access to and the availability of primary and specialty providers
    - Hypothesis: The number of contracted primary care and specialty providers will not decrease over a three year averaged baseline. The number will be measured annually.
    - Methodology for testing: Contracted provider counts will be captured by OHCA on a quarterly basis and referenced to a historical benchmark (calculated by averaging provider count for previous 3 years CY 2015-2017).
    - Hypothesis: QP's SCC panel size will be maintained as a proportion of the total SCC population applied to a full calendar year.
    - Methodology for testing: Quarterly member count will be referenced to a historical benchmark (calculated by the average member months per quarter for previous 3 full calendar years).
- Goal: Enhancing the state's post-residency enrollment of SoonerCare providers.
    - Hypothesis: The rate of physicians completing residency training in Oklahoma and staying in state to practice will be above the current national rate for resident retention.
    - Methodology for testing: Association of American Medical Colleges, using the American Medical Association master file, calculates the rate of residents who stay in the state where they completed their residency program. Oklahoma's rate will be referenced to the national average per this source.

To comply with the requirement to measure the effectiveness of the program, the OHCA will evaluate the OMLR program based on the following criteria.

- Goal: To encourage and incentive Medicaid contracted physicians to practice in rural and underserved areas.
    - Hypothesis: The number of Medicaid contracted physicians in locating their practice in targeted high need areas will be improved by a financial incentive program.
    - Methodology for testing: The total number of physicians in the OMLR is measured annually and compared to the baseline.
    - Hypothesis: The long term retention of Medicaid contracted physicians remaining in targeted, high need areas is improved by the use of the OMLR incentive payment program.
    - Methodology for testing: Following the completion of the service obligation, count the number of physicians retained in targeted areas one year after OMLR participation.