



# ISSUE STATEMENT *June 26, 2014*

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**In re: OHCA budget reductions**

**From: OHCA Board Chairman Ed McFall**

“The Oklahoma Health Care Authority was appropriated a flat budget for SFY15 by the legislature. Though we are thankful that our base budget was not cut, we are not able to operate the program as it is today with a flat budget. So now we must make difficult decisions.

“The total economic impact of the cuts we must make will take about \$225 million out of our state’s economy. And rural areas, that can least afford it, are going to be some of the hardest hit.

“Agency staff, including executive leadership, has met with 16 provider groups to ensure we had the best available information to make these tough decisions. The agency has already cut administrative expenditures. We are voting today on targeted program cuts. But even with these actions, we will not be able to file a balanced budget without implementing a significant provider rate cut.

“Based on these reductions, we will still have to make a 7.75 percent provider rate reduction in order to file our mandated balanced budget. We recognize that providers are upset, and rightfully so. I encourage them to communicate with their legislators. They need to tell them what these rate cuts mean to their practices. If we don’t let leadership know how these cuts are affecting our communities, next year’s budget decisions will likely be more of the same. The solution to this problem starts at 23<sup>rd</sup> and Lincoln.

“We realize these cuts may have a negative impact on our ability to provide access to quality care for the Oklahomans we serve. As such, it will be incumbent upon our agency to monitor all of these moving parts to see how things are shaping up. Should we see that our financial picture improves, we are prepared to make any adjustments we can.”