

## SoonerSelect Children's Specialty Databook Narrative

December 14th, 2022

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| Worksheet                        | Contents  |
|----------------------------------|---|
| 1. General Information           | Information about data sources, eligible populations, excluded services, categorizations, and limitations.              |
| 2. Reference                     | Additional lookup tables that provide information related to populations, age/gender categories, and region logic.      |
| 3. Service Category Descriptions | Descriptions of service categories used throughout this data book.  |
| 4. Rate-Setting Adjustments      | Adjustments, both historical and prospective, used to develop SoonerSelect program capitation rates.                    |
| 5. Program Changes               | List and brief description of program changes that may impact capitation rate development for the SoonerSelect program. |

| Category                    | Comments  |
|-----------------------------|---|
| Rate Effective Dates        | <p>Rate development anticipated a rate effective date from October 1, 2023 – June 30, 2024. OHCA has recently amended the RFP for effective dates of April 1, 2024 – June 30, 2025. The language contained in this narrative reflects rate development for the 9-month period from October 1, 2023 – June 30, 2024.</p> <p>It is anticipated that rate development for the new 15-month rating period will reflect:</p> <ul style="list-style-type: none"> <li>* Rate cell smoothing</li> <li>* Additional program changes</li> <li>* New seasonality factors</li> <li>* Managed care savings adjustments</li> <li>* CY 2022 base period</li> </ul>   |
| Data Sources                | <p>The Medicaid data, collected directly from the Oklahoma Health Care Authority (OHCA) Medicaid Management Information System (MMIS), represents eligibility and claims with dates of service from July 1, 2016 through December 31, 2021, and includes all records processed by OHCA through March 2022.</p> <p>Note: This includes the base period of CY 2021 (January 1, 2021 - December 31, 2021).</p>   |
| Data Book Populations       | <p>Consistent with the SoonerSelect program design, the Data Book reflects the following included and excluded populations:</p> <p><u>Included Populations</u></p> <ul style="list-style-type: none"> <li>* Former Foster Care enrollees</li> <li>* Enrollees that are in Custody of the State</li> <li>* Children receiving Adoption Assistance</li> </ul> <p><u>Excluded Populations</u></p> <ul style="list-style-type: none"> <li>* Individuals determined eligible for Medicaid on the basis of age, blindness or disability</li> <li>* Dual Eligible individuals</li> <li>* Individuals enrolled in the Medicare Savings Program, including Qualified Medicare Beneficiaries (QMB), Specified Low Income Medicare Beneficiaries (SLMB), Qualified Disabled Workers (QDW) and Qualified Individuals (QI)</li> <li>* Individuals during a period of Presumptive Eligibility</li> <li>* Individuals eligible for tuberculosis-related services under 42 CFR §435.215</li> <li>* Individuals determined eligible for SoonerCare on the basis of needing treatment for breast or cervical cancer under 42 CFR § 435.213</li> <li>* Individuals enrolled in a §1915(c) Waiver</li> <li>* Undocumented persons eligible for Emergency Services only in accordance with 42 CFR § 435.139</li> <li>* Medicaid Maintenance of Eligibility Members that OHCA has determined will not move to managed care</li> </ul> <p><u>Voluntary Enrollment Populations</u></p> <p>Native American beneficiaries who are determined eligible for the SoonerSelect program are not required to be enrolled in the SoonerSelect program, as described in the appropriate eligibility section of the RFP. We have included all Native American experience and enrollment in rate development and the data books. We will be assuming only 25% of the eligible Native American population will be enrolling under managed care and that reduced enrollment will be reflected in the draft rates.</p> |
| Third Party Liability (TPL) | <p>Enrollees with medical TPL are eligible for the SoonerSelect program. To reflect differences in MMIS claims payments for those with TPL, the Data Book separates members with medical TPL coverage from those members with no TPL coverage.</p>  |
| Excluded Services           | <p>Dental services, excluding trauma-related oral surgeries in the inpatient and ambulatory surgery center settings, will be carved out of the SoonerSelect program. These excluded dental services will fall under the SoonerSelect Dental Plan program effective October 1, 2023.</p> <p>Title XIX services billed by Indian Health Services (IHS) or 638 Tribal Facilities are excluded from the SoonerSelect program. OHCA will separately pay for medically-necessary, acute-care services that are eligible for 100% Federal reimbursement and are provided by an IHS or 638 tribal facility to a Title XIX member enrolled with the Contractor who is eligible to receive services through an IHS or 638 Tribal Facility. Encounters for Title XIX services billed by IHS or 638 Tribal Facilities will not be accepted by OHCA or considered in capitation rate development.</p> <p>For a complete listing of SoonerSelect program covered benefits, please see the appropriate benefits section in the SoonerSelect program RFP# 8070000053.</p>   |
| Program Implementation Date | <p>The anticipated first program year for populations eligible for the SoonerSelect Program will be October 1, 2023 through June 30, 2024. Following the first year, program years will follow the OHCA state fiscal year (July 1 through June 30). (see First Note)</p>  |
| Directed Payments           | <p>OHCA will be implementing several directed payment programs as part of the managed care transition. These payments will be implemented as a separate payment term and are not reflected in the Data Book.</p>  |
| Data Disclaimer             | <p>This Data Book summarizes OHCA eligibility, FFS claims and NEMT capitation/encounter data for populations eligible for the SoonerSelect program. This information has been provided to potential bidders for use in understanding base data used to develop capitation rates for the SoonerSelect program. In preparing the Data Book, the OHCA and its vendors have used data from the Medicaid eligibility and claims systems. Data include only records with a service date corresponding to a valid Medicaid eligibility span for members of the target populations. The data have been reviewed for internal consistency and reasonableness, but have not been audited.</p>   |

**Region Lookup**

| County     | Region |
|------------|--------|
| Tulsa      | Tulsa  |
| Oklahoma   | OKC    |
| Adair      | East   |
| Atoka      | East   |
| Bryan      | East   |
| Cherokee   | East   |
| Choctaw    | East   |
| Coal       | East   |
| Craig      | East   |
| Creek      | East   |
| Delaware   | East   |
| Haskell    | East   |
| Hughes     | East   |
| Latimer    | East   |
| LeFlore    | East   |
| Mayes      | East   |
| McCurtain  | East   |
| McIntosh   | East   |
| Muskogee   | East   |
| Nowata     | East   |
| Okfuskee   | East   |
| Okmulgee   | East   |
| Osage      | East   |
| Ottawa     | East   |
| Pawnee     | East   |
| Pittsburg  | East   |
| Pushmataha | East   |
| Rogers     | East   |
| Seminole   | East   |
| Sequoyah   | East   |
| Wagoner    | East   |
| Washington | East   |
| Alfalfa    | West   |

**Region Lookup**

| County       | Region |
|--------------|--------|
| Beaver       | West   |
| Beckham      | West   |
| Blaine       | West   |
| Caddo        | West   |
| Canadian     | West   |
| Carter       | West   |
| Cimarron     | West   |
| Cleveland    | West   |
| Comanche     | West   |
| Cotton       | West   |
| Custer       | West   |
| Dewey        | West   |
| Ellis        | West   |
| Garfield     | West   |
| Garvin       | West   |
| Grady        | West   |
| Grant        | West   |
| Greer        | West   |
| Harmon       | West   |
| Harper       | West   |
| Jackson      | West   |
| Jefferson    | West   |
| Johnston     | West   |
| Kay          | West   |
| Kingfisher   | West   |
| Kiowa        | West   |
| Lincoln      | West   |
| Logan        | West   |
| Love         | West   |
| Major        | West   |
| Marshall     | West   |
| McClain      | West   |
| Murray       | West   |
| Noble        | West   |
| Payne        | West   |
| Pontotoc     | West   |
| Pottawatomie | West   |
| Roger Mills  | West   |
| Stephens     | West   |
| Texas co.    | West   |
| Tillman      | West   |
| Washita      | West   |
| Woods        | West   |
| Woodward     | West   |

**Populations**

| Population Group | Age/Gender Categories    |
|------------------|--------------------------|
| CUST/Adoption    | Newborn < 1 Year         |
| CUST/Adoption    | Ages 1+, Male and Female |
| FFC              | 15+ Years, Female        |
| FFC              | 15+ Years, Male          |

| Service Category               | Definition  | Unit Type  |
|--------------------------------|---|--|
| Inpatient Hospital             | Inpatient services that have not been identified as behavioral health or LTC. Includes services provided in acute and chronic hospital settings; includes both room and board data and ancillary data billed by the facility during the stay.                                   | Days   |
| Outpatient Hospital — ER       | Emergency room services provided in acute hospital settings; does not include ancillary data associated with the visit if not coded "emergency room" on the claim. Emergency room discharges that result in an admission are not included in this category.                     | Visits   |
| Outpatient Hospital — Non-ER   | Outpatient facility services provided by acute care hospitals, chronic care hospitals, and ambulatory surgical centers, except those meeting categorization criteria for behavioral health and emergency room.  | Visits   |
| Physician/Professional         | Physical health services provided by medical professionals; including physicians, nurse practitioners, podiatrists, chiropractors and physical therapists.  | Visits   |
| Clinics (w/FQHC/RHC)           | Services provided by a variety of clinic types, including Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs).   | Visits   |
| Laboratory/Radiology/Pathology | Laboratory and radiology services provided as outpatient services by acute or chronic care hospitals and freestanding facilities.   | Services   |
| Dental                         | Trauma-related oral surgeries in the inpatient and ambulatory surgery center settings.  | Visits   |
| DME and Supplies               | Durable Medical Equipment (DME) and medical supplies; including hearing aids, orthotics, prosthetics and oxygen/respiratory care equipment.   | Services   |
| Home Health/Hospice            | Services include home health and hospice.   | Hospice — Days<br>Other — Services                 |
| Physical/Occupational Therapy  | Physical and occupational therapy services provided and billed by therapists.   | Visits   |
| ICF/MR Services                | Long term care services provided in an intermediate care facility for individuals with intellectual or developmental disabilities (ICF-MR).   | Days   |
| Nursing Facility               | Long term care services provided in a nursing facility.   | Days   |
| Pharmacy                       | Retail pharmacy.  | Prescriptions                                      |
| Non-Emergency Transportation   | Non-Emergency transportation services.  | Trips/Miles  |
| Behavioral Health              | Behavioral health services provided by behavioral health hospitals, mental health clinics, acute care hospitals, physicians and other appropriate behavioral health service providers.  | Inpatient — Days<br>Other — Visits                 |
| Indian Health Referrals        | Referrals from Indian Health Services Hospitals/Tribal/Urban Indian Clinic settings. Note that services furnished at Indian Health Services Hospitals/Tribal/Urban Indian Clinic settings are carved out from managed care and are not included in capitation rate development. | Services   |
| Family Planning                | Family Planning services and contraceptives.  | Contraceptives — Prescriptions<br>Other — Services |
| All Other                      | Other services that are not categorized under other service categories, including state COS such as renal dialysis, transportation and other miscellaneous services.  | Services   |

| Adjustment Type   | Description   |
|---|---|
| Adjustments to Data Book  | <p><b>Members Not Migrating to Managed Care</b> — OHCA provided a list of members anticipated to lose eligibility after the end of the Public Health Emergency; these members will not be migrated to managed care. Claims and enrollment from these members has been removed from base period and data book experience.</p> <p><b>Retroactive Eligibility Coverage</b> — MCOs that participate in the SoonerSelect program will not be responsible for claims incurred by members prior to managed care enrollment. Based on discussions with OHCA, a member's initial 60 days of eligibility and claims were removed from the Data Book. This excludes newborns, who will be enrolled under the mother's plan back to the date of birth.</p> <p><b>Non-System Payments</b> — MMIS claims data did not reflect Non-Emergency Transportation capitated payments. For this reason, Guidehouse increased the Non-Emergency Transportation service category in CY2021 to account for \$302K in capitated payments. Units were adjusted to reflect the inclusion of Non-Emergency Transportation expenses.</p> <p><b>Non-System Recoveries</b> — As part of capitation rate-setting, Guidehouse will adjust base period claims to reflect those medical refund amounts that are not included in the MMIS claims experience. The refund reduced claims by 0.1057% in the base period for all service categories except Non-Emergency Transportation. No adjustments for recoveries were made to years other than the base period. Units were adjusted to reflect the removal of recoveries.</p> <p><b>Incurred, but Not Reported (IBNR)</b> — The MMIS claims data reflects claims incurred between January 1, 2018 through December 31, 2021, with claims runout through March 2022. As part of capitation rate development, Guidehouse will adjust claims during the base period of January 1, 2021 to December 31, 2021, with runout through March 2022 to account for claims incurred during this period, but not yet paid.</p> <p><b>Nursing Facility Limit</b> — MCOs that participate in the SoonerSelect program will not be responsible for claims incurred by members after 60 consecutive days within a nursing facility.</p> |
| <b><i>The following adjustments are not reflected in the SoonerSelect Data Book</i></b> |   |
| Base Data Adjustments   | <p><b>Medical Refunds</b> — The MMIS claims data reflects some of the amounts collected by OHCA related to audits, overpayment, legal settlements, and other reasons. As part of capitation rate-setting, Guidehouse will adjust base period claims to reflect those medical refund amounts that are not included in the MMIS claims experience.</p> <p><b>Program/Fee Schedule Changes</b> — Changes in eligible benefits and provider reimbursements during the base data period (January 1, 2021 to December 31, 2021) will be considered as part of the capitation rate development. See tab "5. Program Changes" for additional detail on the program/fee schedule changes during the base period.</p> <p><b>Voluntary Population Selection</b> — Not all populations eligible for the SoonerSelect program are mandatory. To account for a lower take-up rate for voluntary populations, a selection adjustment may be made within the capitation rate-setting process to reflect the impact of populations subject to voluntary selection.</p>   |
| Prospective Adjustments   | <p><b>Program/Fee Schedule Changes</b> — Changes in eligible benefits and provider reimbursements that took place after the base data period will be considered as part of the capitation rate development. See tab "5. Program Changes" for additional detail on the program/fee schedule changes.</p> <p><b>Seasonality</b> — The first contract period of the SoonerSelect program is anticipated to be a nine-month period. Since the base data period is a twelve-month period, if material, Guidehouse will apply an adjustment to reflect the impact of seasonality.</p> <p><b>Trend</b> — Projected medical expenditures will be adjusted to account for other changes after the base period, such as utilization patterns, mix of services, changes in unit costs, etc.</p> <p><b>Enrollment Projections</b> — Capitation rate cells represent combinations of certain population groups. To better project future costs, enrollment projections will be developed as part of the capitation rates.</p>  |
| Managed Care Assumptions  | <p>Projected claims expense will be adjusted to account for enhanced care management practices for SoonerSelect program enrollment. Certain services will be adjusted to account for changes in utilization patterns and unit cost levels anticipated under managed care. Some service utilization and cost will increase while some will decrease. Overall, managed care assumptions will result in reduced claims expense.</p>  |
| Directed Payments   | <p>OHCA will incorporate into the SoonerSelect program directed payments to hospitals, in order to support Oklahoma hospitals that provide critical access to quality health care services to Oklahoma Medicaid members.</p>  |
| Administration  | <p>The administrative load percentages (includes care management/coordination) vary by projected claims PMPM:</p> <ul style="list-style-type: none"> <li>• 10.0% for PMPMs &lt; or = \$100</li> <li>• 9.5% for PMPMs \$100 &lt; and &lt; or = \$200</li> <li>• 9.0% for PMPMs \$200 &lt; and &lt; or = \$300</li> <li>• 8.5% for PMPMs \$300 &lt; and &lt; or = \$400</li> <li>• 8.0% for PMPMs \$400 &lt; and &lt; or = \$500</li> <li>• 7.5% for PMPMs \$500 &lt; and &lt; or = \$700</li> <li>• 7.0% for PMPMs &gt; \$700</li> </ul>   |
| Underwriting Gain   | <p>A flat 1.5% of premium across all populations will be incorporated.</p>  |
| Premium Tax   | <p>OHCA confirmed that an Oklahoma Insurance Department 2.25% premium tax is to be applied to SoonerSelect.</p>   |
| Capitation Withhold   | <p>A capitation withhold may be applied and will be consistent with provisions in the contract and RFP.</p>   |
| Risk Mitigation/Sharing   | <p>Risk mitigation/sharing will be applied through a minimum/maximum MLR and risk corridor combination.</p>   |



| Change  | Effective Date | Description  | Annualized Impact <sup>1</sup> |
|---|----------------|--|--------------------------------|
| <i>Examples of Program Changes which may impact the base data and prospective adjustments to the rate period.</i> |                |  |                                |
| Applied Behavioral Analysis   | Jul 01, 2019   | Reimburses codes 97151, 97155, and 97156 at \$23.55 per 15 min and 97153 at \$17.35 per 15 min.<br><br>In 2019 OHCA established coverage and reimbursement for ABA services. The increase in utilization of these services has outpaced trend. Recent experience will be reviewed and an adjustment will be made to reflect the impact of increased utilization.   | TBD                            |
| Behavioral Health Rate Increases  | Jul 01, 2022   | OHCA increased rates for the following services: individual and family therapy, individual assertive community treatment, individual and group community recovery support, group psychosocial rehabilitation/illness management and recovery, and screening and referral. Rate increases range from 7.5% to 100% and there is a new rate for complex screening and referral at \$75.00 per event.  | TBD                            |
| Coverage for Adults in Psychiatric Hospitals  | Jan 01, 2021   | Established coverage, with prior authorization, for adults age 21 and older in a psychiatric unit of a general hospital or psychiatric hospital setting. These services were included as part of OHCA's new section 1115(a) demonstration titled, "Institutions for Mental Diseases Waiver for Serious Mental Illness/Substance Use Disorder."   | TBD                            |
| Leap Year   | Feb 29, 2024   | Adjustment to account for extra day in projection period as compared to base period.   | TBD                            |
| Partial Hospitalization Program (PHP) for Adults  | Sep 01, 2022   | PHP benefits were previously only covered for children under the age of 21. As of September 1, 2022, OHCA has extend this benefit to individuals 21-64 with substance use disorders, mental health diagnoses, and/or co-occurring disorders.   | TBD                            |
| Private Duty Nursing Rate increase  | Jul 01, 2023   | OHCA will increase the reimbursement rate for Private Duty Nursing to \$40 per hour.   | TBD                            |
| PRTF Specialty Rate Increase  | Jan 01, 2021   | The new per diem base rates by PRFT type are as follows: Standard: \$336.57, Specialty: \$550.00   | TBD                            |
| Removal of enhanced payments for University affiliated professionals  | Jan 01, 2021   | In CY 2021, State University Employed or Contracted Physicians were paid at 175% of the Medicare Physician Fee Schedule. As part of the managed care transition, the additional reimbursement for these providers over the baseline fee schedule will be incorporated as a directed payment and thus excluded from the claims used in rate development.  | TBD                            |
| Residential Substance Use Disorder (SUD) Treatment Facilities (IMD)   | Dec 22, 2020   | Established coverage for residential SUD services for individuals residing in facilities with 17 beds or more. These services were included as part of OHCA's new section 1115(a) demonstration titled, "Institutions for Mental Diseases Waiver for Serious Mental Illness/Substance Use Disorder". Recent experience will be reviewed and an adjustment will be made, if necessary.  | TBD                            |
| Residential SUD Services in a Non-IMD   | Oct 01, 2020   | Established coverage under a new provider type and reimbursement for residential substance use disorder (SUD) services for individuals under the age 21 and ages 21-64 residing in facilities with 16 beds or fewer. Residential SUD services will be provided in accordance with the American Society of Addiction Medicine (ASAM) Level 3 guidelines. The proposed reimbursement methodology will have two components: Per diem rates developed from historical Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) rates and the ASAM levels of care placement criteria & performance-based bonus payments to promote the goals and outcomes of residential treatment. Recent experience will be reviewed and an adjustment will be made, if necessary. | TBD                            |
| SUD Treatment   | Oct 01, 2021   | Created and established a new rate for intensive residential substance use disorder treatment for adolescents (Clinically Managed Medium-Intensity Residential Services for Adolescents, Intensive). The proposed rate for intensive residential substance use disorder treatment for adolescents is \$160.00 per day. The newly proposed rate for adolescents will match the rate for adults which is also \$160.00 per day.  | TBD                            |

**Notes**

1. The Annualized Impact is the estimated budget impact across all SoonerSelect Specialty populations.