



STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

September SPARC Agenda
September 10, 2018
11:30 AM
OHCA Board Room

Rate issues to be addressed:

1. 3.00% Across-the-Board Provider Rate Increase
2. 4.00% Regular Nursing Facility Rate Increase
3. 4.00% Acquired Immune Deficiency Syndrome (AIDS) Nursing Facility Rate Increase
4. 4.00% Regular (More than 16 Beds) Intermediate Care Facilities for Individual with Intellectual Disabilities Rate Increase
5. 4.00% Acute (16 Beds-or-Less) Intermediate Care Facilities for Individual with Intellectual Disabilities Rate Increase
6. State Plan Skilled Nursing Services Rate

3.00% ACROSS-THE-BOARD PROVIDER RATE INCREASE

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Health Care Authority (OHCA) recommends a revision, in the amount of a 3.00% increase, to the current rate and reimbursement structures in the SoonerCare program. Upon passage of Senate Bill 1605, OHCA was mandated to increase most provider rates by 2.00%. However, OHCA is proposing to use program and administrative savings and increased drug rebate collections to increase provider rates by an additional one percent, bringing the rate increase to 3.00%.

Federal Requirements:

State Medicaid programs generally have considerable flexibility in determining the reimbursement methodology and resulting rate for services, within federally-imposed upper limits and specific restrictions. Section 1902(a)(30)(A) of the Social Security Act requires that State Medicaid programs must assure that payment rates :

- Be consistent with efficiency, economy and quality of care;
- Are sufficient to enlist enough providers so that Medicaid care and services are available under the state plan at least to the extent that such care and services are available to the general population in that geographic area.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

OHCA currently reimburses providers under a variety of different rate structures; diagnostic-related group (DRG), per diem, max fee, percent of Medicare, and a percent of costs are some examples. Our current rates for most providers reflect a 3.25% reduction, a 7.75% reduction, and a 3.00% reduction from the applicable rate structures, implemented in April of 2010, July 2014, and January 2016. Some provider rates were not reduced by all three rate reductions.

5. NEW METHODOLOGY OR RATE STRUCTURE.

OHCA seeks to increase provider rates by 3.00% of the applicable rate structures. Per Senate Bill 1605, the proposed rate increases excludes: services financed through appropriations to other state agencies; Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS); non-emergency transportation capitation payments; services provided to Insure Oklahoma (IO)

STATE PLAN AMENDMENT RATE COMMITTEE

members; payments for drug ingredients/physician supplied drugs; Indian Health Services/Tribal/Urban Clinics (I/T/U); Federally Qualified Health Centers (FQHCs); Rural Health Centers (RHCs); and Long-Term Care Facilities, which will be discussed in the next four agenda items. Program for the All-Inclusive Care for the Elderly (PACE) was excluded from the legislatively mandated rate increases, however OHCA will increase these rates by 3.00% as well.

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY2019 will be an increase of \$36,338,928 total; of which \$13,670,705 is state share. The estimated budget impact for SFY2020 will be an increase of \$45,451,904 total; of which \$18,689,111 is state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority anticipates a positive impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6).

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the 3.00% across-the-board provider rate increase of the applicable rate structures for all providers excluding those providers/services mentioned.

9. EFFECTIVE DATE OF CHANGE.

October 1, 2018

REGULAR NURSING FACILITIES RATE INCREASE

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Health Care Authority (OHCA) recommends a revision, in the amount of a 4.00% increase, to the rate for Regular Nursing Facilities. Upon passage of Senate Bill 1605, OHCA was mandated to increase long-term care facilities rates by 3.00%. However, OHCA is proposing to use program and administrative savings and increased drug rebate collections to increase provider rates by an additional one percent, bringing the rate increase to 4.00%. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.2% for Regular Nursing Facilities. Also, this change will increase the Quality of Care (QOC) fee, and the pool amount for “Direct Care” and “Other” Components of the rate.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

The current rate methodology for Regular Nursing Facilities calls for the establishment of a prospective rate which consists of four components. The current components are as follows:

- A. Base Rate Component is \$107.98 per patient day.
- B. A Focus on Excellence (FOE) Component defined by the points earned under this performance program ranging from \$1.00 to \$5.00 per patient day.
- C. An “Other” Component is \$10.54 per patient day, which is defined as the per day amount derived from dividing 30% of the pool of funds available after meeting the needs of the Base and FOE Components by the total estimated Medicaid days for the rate period. This component once calculated is the same for each facility.
- D. A “Direct Care” Component which is defined as the per day amount derived from allocating 70% of the pool of funds available after meeting the needs of the Base and FOE Components to the facilities. This component is determined separately and is different for each facility. The method (as approved in the State Plan) allocates the 70% pool of funds to each facility (on a per day basis) based on their relative expenditures for direct care costs. The current combined pool amount for “Direct Care” and “Other” components is \$158,938,847. The current Quality of Care (QOC) fee is \$11.48 per patient day.

5. NEW METHODOLOGY OR RATE STRUCTURE.

There is no change in methodology; however, there is a rate change for Regular Nursing Facilities because of the 4.00% rate increase. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.2% for Regular Nursing Facilities. Also, this action calls for recalculation of the Quality of Care (QOC) fee, and reallocation of the pool for “Direct Care” and “Other” components of the rate as per The State Plan. The Base Rate Component will be \$108.12 per patient day. The “Other” component will be \$11.90 per patient day. The new combined pool amount for “Direct Care” and “Other” components will be \$174,676,429. The new Quality of Care (QOC) fee will be \$11.62 per patient day.

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY2019 will be an increase in the total amount of \$15,899,520; with \$6,132,445 in state share (\$649,119 of the state share is from the increased QOC fee which is paid by the providers). The estimated budget impact for SFY2020 will be an increase in the total amount of \$21,199,360; with \$8,176,593 in state share (\$1,144,723 of the state share is from the increased QOC fee which is paid by the providers).

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority anticipates positive impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6).

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Regular Nursing Facilities:

- An increase in the base rate component from \$107.98 per patient day to \$108.12 per patient day.
- An increase in the combined pool amount for the “Direct Care” and “Other” Components from \$158,938,847 to \$174,676,429 to account for the rate increase and reallocation of the Direct Care Cost Component as per the State Plan.

9. EFFECTIVE DATE OF CHANGE.

October 1, 2018

ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) NURSING FACILITIES RATE INCREASE

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Health Care Authority (OHCA) recommends a revision, in the amount of a 4.00% increase, to the rate for nursing facilities serving residents with AIDS. Upon passage of Senate Bill 1605, OHCA was mandated to increase long-term care facilities rates by 3.00%. However, OHCA is proposing to use program and administrative savings and increased drug rebate collections to increase provider rates by an additional one percent, bringing the rate increase to 4.00%. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.2% for nursing facilities serving residents with AIDS. Also, this change will increase the Quality of Care (QOC) fee.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

The current rate methodology for nursing facilities serving residents with AIDS requires the establishment of a prospective rate which is based on the reported allowable cost per day. The current rate for this provider type is \$201.32 per patient day. The Quality of Care (QOC) fee is \$11.48 per patient day.

5. NEW METHODOLOGY OR RATE STRUCTURE.

There is no change in methodology; however, there is a rate change for nursing facilities serving residents with AIDS because of the 4.00% rate increase, and recalculation of the Quality of Care (QOC) fee. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.20% for nursing facilities serving residents with AIDS. The rate for this provider type will be \$207.86 per patient day. The recalculated Quality of Care (QOC) fee will be \$11.62 per patient day.

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY2019 will be an increase in the total amount of \$48,377; with \$ \$18,659 in state share (\$1,959 of the state share is from the increased QOC fee which is paid by the providers). The estimated budget impact for SFY2020 will be an increase in the total amount of \$64,503; with \$ \$24,879 in state share (\$3,483 of the state share is from the increased QOC fee which is paid by the providers).

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority anticipates positive impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6).

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for nursing facilities serving residents with AIDS:

- An increase in the AIDS rate from \$201.32 per patient day to \$207.86 per patient day.

9. EFFECTIVE DATE OF CHANGE.

October 1, 2018

REGULAR INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) RATE INCREASE

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Health Care Authority (OHCA) recommends a revision, in the amount of a 4.00% increase, to the rate for Regular ICF/IID. Upon passage of Senate Bill 1605, OHCA was mandated to increase long-term care facilities rates by 3.00%. However, OHCA is proposing to use program and administrative savings and increased drug rebate collections to increase provider rates by an additional one percent, bringing the rate increase to 4.00%. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.5% for Regular ICF/IID facilities. Also, this change will increase the Quality of Care (QOC) fee.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

The current rate methodology for Regular ICF/IID facilities requires the establishment of a prospective rate which is based on the reported allowable cost per day. The current rate for this provider type is \$123.21 per patient day. The Quality of Care (QOC) fee is \$7.39.

5. NEW METHODOLOGY OR RATE STRUCTURE.

There is no change in methodology; however, there is a rate change for Regular ICF/IID facilities because of the 4.00% rate increase, and the recalculation of the QOC fee. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.5% for Regular ICF/IID facilities. The rate for this provider type will be \$127.49 per patient day. The new Quality of Care (QOC) fee will be \$7.58 per patient.

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY2019 will be an increase in the total of \$657,562; with \$253,622 in state share (\$30,573 of the state share is from the increased QOC fee which is paid by the providers). The estimated budget impact for SFY2020 will be an increase in the total amount of \$876,750; with \$338,162 in state share (\$54,200 of the state share is from the increased QOC fee which is paid by the providers).

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority anticipates positive impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6).

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Regular ICF/IID facilities:

- An increase in Regular ICF/IID rate from \$123.21 per patient day to 127.49 per patient day.

9. EFFECTIVE DATE OF CHANGE.

October 1, 2018

ACUTE (16 BED-OR-LESS) INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) RATE INCREASE

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Health Care Authority (OHCA) recommends a revision, in the amount of a 4.00% increase, to the rate for Acute ICF/IID facilities. Upon passage of Senate Bill 1605, OHCA was mandated to increase long-term care facilities rates by 3.00%. However, OHCA is proposing to use program and administrative savings and increased drug rebate collections to increase provider rates by an additional one percent, bringing the rate increase to 4.00%. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.5% for Acute ICF/IID facilities. Also, this change will increase the Quality of Care (QOC) fee.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

The current rate methodology for Acute ICF/IID facilities requires the establishment of a prospective rate which is based on the reported allowable cost per day. The current rate for this provider type is \$157.43 per patient day. The Quality of Care (QOC) fee is \$9.41 per patient day.

5. NEW METHODOLOGY OR RATE STRUCTURE.

There is no change in methodology; however, there is a rate change for Acute ICF/IID facilities because of the 4.00% rate increase, and the recalculation of the QOC fee. The 4.00% increase for long-term care facilities is calculated only on the portion of the rate funded by state appropriations, resulting in an increase on the total rate of 3.5% for Acute ICF/IID facilities. The rate for this provider type will be \$163.04 per patient day. The new Quality of Care (QOC) fee will be \$9.66 per patient day.

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY2019 will be an increase in the total of \$1,167,196; with \$450,187 in state share (\$53,786 of the state share is from the increased QOC fee which is paid by the providers). The estimated budget impact for SFY2020 will be an increase in the total amount of \$1,556,261; with \$600,250 in state share (\$96,040 of the state share is from the increased QOC fee which is paid by the providers).

AGENCY ESTIMATED IMPACT ON ACCESS TO CARE

7. The Oklahoma Health Care Authority anticipates positive impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6).

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Acute ICF/IID facilities:

- An increase in Acute ICF/IID rate from \$157.43 per patient day to \$163.04 per patient day.

9. EFFECTIVE DATE OF CHANGE.

October 1, 2018

STATE PLAN SKILLED NURSING SERVICES RATE

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

This is a proposal to increase the rate paid for State Plan skilled nursing services for recipients on the State Plan Personal Care Program.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

The current rate structure for the service for which the rate increase is being requested is a fixed and uniform rate configuration established through the State Plan Amendment Rate Committee process. The service, current service code and rate are as follows:

Service	Service Code	Current Rate
State Plan Skilled Nursing	T1001	\$54.00

5. NEW METHODOLOGY OR RATE STRUCTURE.

The table below indicates the service, current service code and rate, as well as the proposed rate and the amount of the increase. The rate is a per visit rate.

Service	Service Code	Current Rate	New Rate	% Increase
State Plan Skilled Nursing	T1001	\$54.00	\$60.00	11.1%

6. BUDGET ESTIMATE.

The estimated annual State Plan budget change for State Plan Skilled Nursing is an increase in the amount of \$60,000 total dollars or \$23,142 state share which is paid by the Department of Human Services.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

A rate increase will stabilize existing programs enabling providing agencies to provide salaries comparable to similar type service salaries.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Department of Human Services requests the State Plan Amendment Rate Committee approve the proposed 11.1% rate increase from \$54 per nursing visit to \$60 per nursing visit.

9. EFFECTIVE DATE OF CHANGE.

The new rate will be effective and eligible for Federal match upon approval of the proposed measure by the Oklahoma Health Care Authority Board. Contingent upon approval by the Board, the Department of Human Services will implement a retroactive effective date of July 1, 2018, and will cover the Federal match portion of costs from July 1 to the date of Board approval (scheduled September 13, 2018).