

Oklahoma Academy of Family Physicians

Legislative Update

April 17, 2014

State Budget: In February the State Equalization Board certified that there would be \$188 million less to be appropriated for the next fiscal year. Governor Fallin appears to be holding firm by requesting a cut to the state Medicaid budget of \$47.7 million. She is also proposing an income tax cut that would reduce state revenues by \$115 million.

Medicaid Budget: The Oklahoma Health Care Authority (OHCA) was originally requesting an increase of \$144.4 million for the next fiscal year. The increase is needed just to hold the program at current levels and is due to a decrease in the FMAP of about \$50 million as well as other factors. This amount has decreased to \$90 million due to conservative fiscal strategies which include set-aside reserves for pandemics and contract increases that have not occurred. Also, the OHCA recently received \$18 million in federal reimbursement to pay back the agency for accumulated grant funds paid out initially with state funds. These funds can now be factored into the OHCA's appropriation request for FY '15, beginning July 1, 2014.

The OHCA can only make cuts in three areas including, (1) eligibility (2) optional programs (3) provider rates. Most likely the cuts will be taken from provider rates:

- If \$90 million is not appropriated, provider payment rates will be significantly reduced.
- A one percent cut in provider rates is estimated to save the state \$9.8 million thereby reducing the federal share by \$16.5 million.

If the entire \$90 million in state savings is achieved by payment rate cuts, all rates would have to be reduced 9.2 percent. The state would be giving up over \$150 million in federal matching for the year.

The content of the following legislation on the ADA tracking list has been changed:

HB 2384, *Cox/Crain*, was introduced to address cuts in provider rates in the Medicaid program for FY 2015. The measure has been changed to require Hepatitis C medications to be prior authorized by the Medicaid Drug Utilization Review Board and the Oklahoma Health Care Authority. Status: On General Order in the Senate.

HB 2906, *Derby/Standridge*, **Medicaid Emergency Department Study**, was introduced to require a Medicaid-eligible individual to designate a primary care physician, pharmacy and hospital. The bill has been changed to require the Oklahoma Health Care Authority to conduct a study of current and potential emergency department diversion models and explore options for

cost containment and delivery alternatives consistent with the existing Patient-Centered Medical Home program. Status: On General Order in the Senate.

HB 3286, *Mulready/Stanislawski, ACA Navigator Registration*, is related to the Affordable Care Act and provides that no health insurance navigator, including certified application counselors, will provide assistance unless registered for a fee of \$50. The bill prohibits certain enrollment practices and requires the Insurance Commissioner to maintain a registry of navigators. The measure provides for certain fees and fines and authorizes the Insurance Commissioner to adopt rules. The Oklahoma Hospital Association worked with the authors to make changes related to record keeping and inspection of records in a hospital setting. These requirements will only be related to the fulfillment of the enrollment or assistance of enrollment duties of the navigator.

Access Link to Article on Medicaid Budget <http://okpolicy.org/medicaid-chopping-block>