

**FY22 Budget Performance Review**

**Oklahoma Health Care Authority # 807**

**Lead Administrator: Kevin Corbett (CEO)**

**Lead Financial Officer: Aaron Morris (CFO)**

**Agency Mission**

The mission of the OHCA is to responsibly purchase state and federally-funded health care in the most efficient and comprehensive manner possible; to analyze and recommend strategies for optimizing the accessibility and quality of health care; and, to cultivate relationships to improve the health outcomes of Oklahomans.

**Division and Program Descriptions**

**Division 20 - SoonerCare (Oklahoma Medicaid Program)**

Medicaid serves as the nation's primary source of health insurance for the poor. Medicaid, known as "SoonerCare" in Oklahoma, is a federal and state health coverage program that provides medical benefits to low income individuals who are uninsured or underinsured. Medicaid guarantees coverage for basic health and long term care services based upon specific eligibility guidelines. These categories of eligibility include the aged, blind and disabled ("ABD"); families qualifying under federal Temporary Assistance to Needy Families ("TANF") guidelines; qualified Medicare beneficiaries; TEFRA children; women with breast and cervical cancer; and certain children and pregnant women. State Medicaid programs are funded with both federal and state dollars and in accordance with a federally-approved State Plan. In order for states to draw down federal dollars, states agree to cover groups of individuals referred to as "mandatory groups" and offer a minimum set of services referred to as "mandatory benefits." States can also receive federal funds to cover additional "optional" groups of individuals and benefits. A detailed summary of the categorical eligibility standards as well as mandatory and optional benefits provided in Oklahoma can be found in the OHCA Annual Report. In SFY 2020, a total of 1,005,671 SoonerCare unduplicated members, or clients, were served.

**Division 40 - Insure Oklahoma (Premium Assistance Program)**

Insure Oklahoma comprises two specific insurance programs offering premium assistance. The first is Employer Sponsored Insurance (ESI), a premium assistance program for employers who offer insurance coverage. The employees select an Oklahoma-qualified benefit plan. The second is the Individual Plan (IP), which offers premium assistance for working Oklahomans who do not have access to employer sponsored insurance. Insure Oklahoma supports small businesses that have fewer than 250 employees on payroll, are located in Oklahoma, contribute a minimum of 25 percent of eligible employees' premiums, and offer an Insure Oklahoma qualified benefit plan. For ESI, eligibility includes: household income that does not exceed 200 percent of the Federal Poverty Level ("FPL"); Oklahoma residency; US citizenship or legal resident status. To qualify for the Individual Plan, eligibility includes: household income that does not exceed 100 percent FPL; uninsured sole proprietorship; employment that does not provide health insurance; ineligibility for their employer's insurance plan; and the unemployed, who are currently seeking work, as well as certain working adults with a disability who work for any size employer and who, except for employment income, would be eligible for disability benefits.

**Division 10 - Administrative Operations**

Administrative costs associated with the delivery of the federal Medicaid program for the State of Oklahoma are included in this program category.

**FY'21 Budgeted Department Funding By Source**

Div / Dept. #	Division / Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
10	Administration/Operations	24,647,050	28,169,444	1,231,856			\$54,048,350
20	Medicaid Payments	935,901,347	4,116,224,662	1,257,280,581			\$6,309,406,591
21 thru 25	Non-Title XIX Medical Services			102,650,000			\$102,650,000
30	Medicaid Contracts	11,374,384	21,698,228	6,140,007			\$39,212,620
40	Premium Assistance Program (IO)	-	63,850,207	30,622,863			\$94,473,071
50	Grants Management	50,545	3,326,285	154,022		707,834	\$4,238,686
88	ISD Information Services	11,266,042	99,805,204	14,718,587			\$125,789,833
	Appropriated But Not Budgeted Due to Gov. Veto	16,800,000					
<b>Total</b>		<b>\$1,000,039,368</b>	<b>\$4,333,074,032</b>	<b>\$1,412,797,917</b>	<b>\$0</b>	<b>\$707,834</b>	<b>\$6,746,619,150</b>

1. Please describe source of Local funding not included in other categories:
2. Please describe source(s) and % of total of "Other" funding if applicable for each department:

**FY'20 Carryover by Funding Source**

	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
<b>Budgeted Carryover (Fund 200):</b>	\$0	\$0	\$15,420,980	\$0	\$0	<b>\$15,420,980</b>
<b>Non-Budgeted Carryover (Fund 340):</b>						
Prior years carryover & *cash reserve - SFY'20 actual			\$122,550,864			\$122,550,864
Emergency EFMAP carryover - SFY'20 actual		\$ 94,791,354				\$94,791,354
(Additional EFMAP 6.2% for the last two quarters of SFY20 per FFCRA)						
<b>Total Non-Budgeted Carryover</b>						<b>\$217,342,218</b>
<b>Projected Net Emergency FMAP - SFY'21 estimate</b>		\$ 197,953,230				<b>\$197,953,230</b>
(Additional 6.2% EFMAP for the four quarters of SFY21 per FFCRA)						

1. Please describe source of Local funding not included in other categories:
2. Please describe source(s) and % of total of "Other" funding if applicable:

\*OHCA receives funding from a variety of sources: state appropriations, federal matching funds, medical refunds, tobacco tax collections, tobacco settlement funds, quality of care fees, and other state agency reimbursements. All OHCA revenues are received at various times and not always in conjunction with corresponding expenditures. With the continual growth in the Medicaid program and expenditures, it is necessary to maintain sufficient cash reserves for cash flow purposes.

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**What changes did the agency make between FY'20 and FY'21?**

1.) Are there any services no longer provided because of budget cuts?

No

2.) What services are provided at a higher cost to the user?

3.) What services are still provided but with a slower response rate?

N/A

4.) Did the agency provide any pay raises that were not legislatively/statutorily required?

**FY'22 Requested Funding By Department and Source**

Div / Dept. #	Division / Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change
10	Administration/Operations	\$24,647,050	\$28,169,444	\$1,231,856	\$0	\$54,048,350	0.00%
20	Medicaid Payments	\$1,162,976,978	\$5,495,159,594	\$1,250,679,876	\$0	\$7,908,816,449	25.35%
21 thru 25	Non-Title XIX Medical Services	\$0	\$0	\$102,650,000	\$0	\$102,650,000	0.00%
30	Medicaid Contracts	\$11,374,384	\$21,698,228	\$6,140,007	\$0	\$39,212,620	0.00%
40	Premium Assistance Program (IO)	\$0	\$63,850,207	\$30,622,863	\$0	\$94,473,071	0.00%
50	Grants Management	\$50,545	\$3,326,285	\$154,022	\$707,834	\$4,238,686	0.00%
88	ISD Information Services	\$11,266,042	\$99,805,204	\$14,718,587	\$0	\$125,789,833	0.00%
<b>Total</b>		<b>\$1,210,314,999</b>	<b>\$5,712,008,964</b>	<b>\$1,406,197,212</b>	<b>\$707,834</b>	<b>\$8,329,229,008</b>	<b>23.46%</b>

1. Please describe source(s) and % of total of "Other" funding for each department:

**FY'22 Top Five Operational Appropriation Funding Requests**

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Annualizations - Impact of Federal Medical Assistance Percentage changes	(\$20,593,154)
Request 2:	Maintenance - Maintain the Oklahoma Medicaid Program at the current level	\$42,441,763
Request 3:	Mandates - Expand Medicaid coverage in Oklahoma under ACA	\$164,138,054
Request 4:	Program Enhancements / Operational Excellence	\$24,288,969
<b>Top Five Request Subtotal:</b>		<b>\$210,275,631</b>
<b>Total Increase above FY-21 Budget (including all requests)</b>		<b>\$ 210,275,631</b>
Difference between Top Five requests and total requests:		\$0

**Does the agency have any costs associated with the Pathfinder retirement system and federal employees?**

Yes. The agency is charged 16.5% by OPERS for all employees, however, we are only allowed to claim the federal matching dollars for the actual cost associated with the pathfinder retirement plan of 7%.

**How would the agency be affected by receiving the same appropriation for FY '22 as was received in FY '21? (Flat/ 0% change)**

FY2022 funding changes estimated for Agency's top 2 priorities listed above to maintain the Medicaid program at the current level equates to 2% or \$22M on top of the SFY21 base appropriation. If the agency receive only same base appropriation as received in SFY2021 would require a substantial reduction of approx. \$69 million Total dollars in the spending level of the Medicaid Program to balance the SFY2022 agency budget.

**How would the agency handle a 2% appropriation reduction in FY '22?**

The 2% of SFY2021 base appropriation reduction of \$19.6M combined with Agency's top 2 priorities listed above to maintain the Medicaid program at the current level in SFY2022 equates to a total of \$41.5M reduction in state dollars. This scenario will require a substantial reduction of approx. \$131 million Total dollars in the spending level of the overall Medicaid Program to balance the SFY2022 agency budget. OHCA would look for administrative efficiencies to find savings, however the majority of the reduction would likely come from provider rate reductions which could potentially have an impact on member's access to healthcare services..

**Is the agency seeking any fee increases for FY '22?**

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1 NA		
Increase 2 NA		
Increase 3 NA		

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**What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?**

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCPC? (Yes/No)
Priority 1		
Priority 2		
Priority 3		

**Federal Funds**

CFDA	Federal Program Name	Agency Dept. #	FY 21 budgeted	FY 20	FY 19	FY 18	FY 17
93.778	Title XIX Medical Assistance Program		4,107,612,541	3,469,105,331	3,022,485,976	2,792,154,677	2,914,643,321
93.791	Money Follows the Person (MFP) grant		1,097,989	894,996	1,103,968	2,035,385	1,252,812
93.796	HQSB-Medicaid Survey & Certification		5,505,750	1,199,798	3,533,567	3,850,748	4,061,828
93.767	Title XXI Children's Health Insurance Program		218,857,752	242,617,503	247,585,895	224,856,351	208,456,823

**Federal Government Impact**

- 1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**  
 State participation in Medicaid is optional; however, if a state chooses to participate (which all currently do) federal financial participation (the federal government guarantees matching funds to states for qualifying Medicaid expenditures; states are guaranteed at least \$1 in federal funds for every \$1 in state spending on the program) is tied to federal requirements/mandates and an approved State plan for medical assistance.
- 2.) Are any of those funds inadequate to pay for the federal mandate?**  
 In relation to the response in the previous question, State matching funds are required to receive federal financial participation for the Medicaid program, thus, federal funds are not adequate.
- 3.) What would the consequences be of ending all of the federal funded programs for your agency?**  
 Ending the federally funded Medicaid and CHIP programs would negatively impact the Oklahoma economy, the Oklahoma healthcare provider network and the health of Oklahomans. Turning back federal Medicaid funds would leave only state funds to support the program. In FY-2020, State funds comprised 37% of the total program expenditures that provided health care to nearly 1 million Oklahomans and had a \$5.9 billion impact on the economy.
- 4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**  
 Under current federal law, Medicaid is not capped and federal financial participation is tied to state expenditures; therefore no direct impact is anticipated.
- 5.) Has the agency requested any additional federal earmarks or increases?**

**FY'21 Budgeted FTE**

Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
10	Operations	101	0	490.2	3.5	386	100.7
20	Medicaid Payments	0	0	0	0	0	0
30	Medicaid Contracts	0	0	0	0	0	0
40	Premium Assistance	3	0	32	0	31	1
50	Grants Management	4	0	16	2	14	0
88	ISD Information Services	15	0	49.3	0	34	15.3
<b>Total</b>		<b>123</b>	<b>0</b>	<b>587.5</b>	<b>5.5</b>	<b>465</b>	<b>117</b>

**FTE History**

Division #	Division Name	2021 Budgeted	2020	2019	2017	2012
10	Operations	492.2	513.0	507.0	494.0	398.5
20	Medicaid Payments	0.0	0.0	0.0	0.0	0.0
30	Medicaid Contracts	0.0	0.0	0.0	0.0	0.0
40	Premium Assistance	32.0	36.0	36.0	37.0	24.0
50	Grants Management	18.1	13.0	26.0	31.0	24.0
88	ISD Information Services	45.25	54.0	42.0	43.0	49.0
<b>Total</b>		<b>587.5</b>	<b>616.0</b>	<b>611.0</b>	<b>605.0</b>	<b>495.5</b>

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Performance Measure Review					
Program Name	FY 20	FY 19	FY 18	FY 17	FY 16
<b>Fiscal Responsibility</b>					
1. Total # of Unduplicated SoonerCare Members Enrolled	1,005,671	998,209	1,020,726	1,014,983	1,052,826
2. Avg SoonerCare Program Expenditure per Member Enrolled	4,831	4,756	4,407	4,370	4,103
3. Physician reimbursement as a Percentage of Medicare Rates	93.63%	89.17%	86.57%	86.57%	86.57%
<b>Health Outcomes:</b>					
4. Engagement of Alcohol and other Drug Dependency Treatment	N/A	6.0%	4.0%	5.0%	5.0%
5. EPSDT Participation Ratio (Under age 21)	N/A	47.0%	65.0%	61.0%	63.0%
6. Adult Preventive Care 20 to 65+ years	N/A	87.0%	83.2%	84.0%	83.6%
<b>Operational Excellence</b>					
7. Employee Turnover Rate	10.24%	12.55%	8.69%	7.87%	8.29%

Revolving Funds -200 Series Funds			
	FY'18-20 Avg. Revenues	FY'18-20 Avg. Expenditures	June '20 Cash Balance
<b>Fund 200 Administrative Disbursing Fund</b>			
This fund is utilized for tracking revenues (federal & state) and expenditures for OHCA's administrative cost (except administrative cost of Fund 245-HEEIA). Normally, there are no transfers from this account, only transfers in. However, in the case of a federal disallowance, we have transferred from Fund 200 to Fund 240 (Federal Deferral Account). This is a revolving fund; balances are carried forward into the next fiscal year.	\$133,432,733	\$128,560,661	\$40,163,621
<b>Fund 205 SHOPP Fund</b>			
This fund maintains the revenues and expenditures for the Supplemental Hospital Offset Payment Program. Transfers from this account are stipulated in House Bill 1381 with payments of \$7,500,000 directed to Fund 340 on a quarterly basis. Also, included is a \$200,000 yearly administrative expense. As of 1/1/14 SHOPP expenditures are processed through the agency's Fund 340.	\$205,597,486	\$205,739,671	\$3,980,675
<b>Fund 230 Quality of Care (QOC) Revolving Fund</b>			
This fund is utilized for posting of Assessment fees, penalties and interest. Expenditures for this fund were directed in HB 2019 to be used for enhancements to specific Medicaid program rates of pay which included increases in the rate of pay for ICFs/MR facilities, to the nursing facilities, to the nursing home rate of pay for eyeglasses and denture services, personal needs allowance increases, etc. These Medicaid program expenditures are processed through the Medicaid Management Information System which is budgeted and posted in mass to Fund 340. OHCA transfers money from Fund 230 to Fund 340 to replenish the fund for these enhanced costs.	\$80,041,410	\$80,059,086	\$2,465
<b>Fund 240 Federal Deferral Account</b>			
Amounts are transferred in from different funds in anticipation of repayment of Federal Disallowances. Payments are not made from this account; amounts are transferred and paid from the account in which the disallowance is found.	\$6,140,456	\$6,725,832	\$13,593,820
<b>Fund 245 OEPIC Health Employee and Economy Improvement Act</b>			
Revenue for this account includes tobacco tax collections, federal draws, interest income, and appropriations for prior year carryover. Expenditures passing through the fund are for managed program costs for employer sponsored insurance, individual plan service costs and administrative costs. Payments are processed through the Medicaid Management Information System which is budgeted and posted in mass to Fund 340.	\$77,528,186	\$74,942,072	\$16,831,479
<b>Fund 250 Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund</b>			
This fund receives tobacco tax funds and those funds are transferred to Fund 340 which are expended for the purpose specified and associated with the Oklahoma Breast and Cervical Act. This act established a new member group. The health services for this group are paid through the Medicaid Management Information System which is budgeted and in mass posted to Fund 340.	\$816,925	\$779,933	\$0
<b>Fund 255 OHCA Medicaid Program Fund</b>			
This fund receives tobacco tax funds and those funds are transferred to Fund 340. This fund provided hospital rate increases, increase in number of physicians visits allowed, increase in emergency physician rates, enhanced drug benefits, dental services, etc. The health services for this fund are paid through the Medicaid Management Information System which is budgeted and in mass posted to Fund 340.	\$47,844,966	\$47,844,966	\$0
<b>Fund 260 Income Tax Check-Off Fund</b>			
	\$0	\$0	\$0