



OHA ADVOCACY DAY

2014 Proposed Bills Important to Hospitals

April 14, 2014



Medicaid Appropriations

OHA Position: Support

- An appropriation of \$90 million will hold the program at current levels of funding for services.

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.

- 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.

Medicaid Outsourcing

OHA Position: Oppose

The Oklahoma Hospital Association has serious concerns that *outsourcing* Medicaid will result in reduced provider rates for physicians, hospitals, nursing homes and other providers, thus limiting access to quality health care.

- Outsourced Medicaid programs will not receive more funding than is currently provided to Oklahoma's Medicaid program, known as SoonerCare.
- Outsourced Medicaid programs have higher administrative costs, often between 11 and 12 percent of total expenditures. (SoonerCare's administrative costs are 5.5 percent).¹
- Outsourced programs often need more money to cover their profit margin and will often lower their costs by paying providers less. Hospitals (especially small rurals) may become financially non-viable, eroding the overall network of care.
- Administrative denials of payments for care are more prevalent under private managed care.

¹ Pacific Health Policy Group, "SoonerCare Choice Program Independent Evaluation", August, 2013

Bill Status as of April 11, 2014

- Prior to making significant changes to the Medicaid program, lawmakers should ensure that claims by out of state managed care companies about improved health outcomes are validated by independent scientific evidence and based on similarities in Medicaid populations from state to state.

Providers: Although Oklahoma’s Medicaid program pays the *lowest* rates of all of the insurance payers; the agency makes up for a low rate structure by paying claims promptly, typically within two weeks of getting a clean claim, faster than many commercial insurance companies.

- To ensure an adequate physician network, the Oklahoma Health Care Authority (OHCA) has, over time, increased physician rates to a level comparable to Medicare rates.
- The Supplemental Hospital Offset Payment Program (SHOPP), enacted in 2011 and extended in 2013, assesses a fee *paid solely by certain hospitals*. This “state share” is then matched with federal funds and paid back to hospitals and other providers to more adequately cover the cost of care that has *already been provided* to SoonerCare patients.
- SHOPP helps OHCA pay physicians more fairly, and for many rural hospitals these supplemental payments enable them to operate in the black.
- SHOPP’s current supplemental payment program would **terminate** if the state were to enact an outsourced Medicaid program.

Managed care: SoonerCare, with the involvement of providers and patients and their families, has developed quality, cost-effective programs in recent years to improve the care for patients and reward providers for better, more cost-effective service. Some SoonerCare programs have been recognized nationally. SoonerCare has several programs to better manage patient care such as:

- Care management;
- Adoption of the patient-centered medical home model; and,
- Initiatives to reduce inappropriate emergency room use.

In considering this topic, the real question before us should be: **“What current or alternative Medicaid insurance program provides the better value for the taxpayer’s dollar?”**

Behavioral Health Appropriations

OHA Position: Support

- An appropriation of \$21 million will hold the program at current levels of funding for services.

The Oklahoma Department of Mental Health and Substance Abuse Services is requesting \$21 million to maintain treatment services at the current level. This funding is required to meet the demands of Medicaid growth including an increase in the state share for behavioral health Medicaid services; along with immediate funding needs to maintain 174 drug court slots that are no longer grant supported, and the matching requirement for Oklahoma’s Systems of Care program. The department continues to embrace smart policy changes and effective management that produces cost savings and stretching of public dollars, and has embraced the utilization of best practices in behavioral health care to maximize positive treatment outcomes.

Bill Status as of April 11, 2014

The following legislation has passed to the next deadline and is available to be considered on the floor of the House or Senate by April 24.

Telemedicine

OHA Position: Support

The OHA and the Oklahoma Corporation Commission (OCC) have agreed to partner on two bills revising the Oklahoma Telecommunications Act of 1997. The legislation amends the provision governing the compensation received from the Oklahoma Universal Service Fund (OUSF), which defines allowable usage for entities defined in the act. It is the intent of the OCC and OHA that requirements for telemedicine funding are easily understood by OCC staff, the telecommunications carriers selling telemedicine lines, and by hospitals trying to determine whether they qualify for telemedicine funding from the OUSF.

HB 2977, *Schwartz/Brinkley* and **SB 1389**, *Ivester/Schwartz*, modifies the definition of “hospital” as a health care entity that has been granted a license as a hospital by the Oklahoma Department of Health for that particular location, including those operated by public trusts. The legislation removes the provision in current law requiring that “patients be admitted overnight or longer.” Status: On General Order in Senate and House

HB 2974, *Schwartz/Griffin*, adds the definition of a “not-for-profit mental health and substance abuse facility” to the Oklahoma Telecommunications Act of 1997.

Peer Review Protection

OHA Position: Support

SB 1218, *Standridge/Cox*, extends peer review protection to additional entities such as physician groups and allows hospitals to enhance patient safety through continuous quality improvement.

Caregiver Designation

OHA Position: Oppose

SB 1536, *Crain/Wright*, requires hospitals to provide each patient or patient’s legal guardian with an opportunity to designate a caregiver following the patient’s admission into a hospital, and prior to the patient’s discharge or transfer. The bill requires that the hospital shall attempt to consult with the designated caregiver to prepare him or her for after-care tasks and issue a discharge plan describing a patient’s aftercare needs.

- Hospitals are **already required** federally by Medicare, locally by the Oklahoma State Department of Health and by accrediting organizations, to have processes in place to ensure patients and their representatives understand their discharge instructions and medical orders and have a smooth transition to the next level of care.
- The Medicare Conditions of Participation are very clear that **a hospital shall not delay the patient’s discharge**. The requirements in this bill create the risk of a discharge delay and subsequent penalties on the hospital.
- Medicare governs all patient care in most circumstances, including patients with private insurance, other government insurance, self-pay and the uninsured.

Bill Status as of April 11, 2014

County Jail Medical Costs

OHA Position: Support

HB 3215, *Hickman/Sykes*, lowers the threshold for medical expenses a county can access from \$8,000 to \$6,000 per ailment or injury from the Medical Expense Liability Fund.

Issues of Interest

SB 1739, *Crain/Biggs*, amends the *Inmate Medical Care Act* by adding new language providing that when a person is in custody in a county jail, the person will be responsible for payment of the cost of medical care provided for a self-inflicted injury or preexisting condition as determined by medical staff hired by the county.

- OHA has concerns with this legislation as it may interfere with provisions currently in statute negotiated with the Oklahoma Sheriffs Association and the OHA in years past. OHA is meeting with the Tulsa County Sheriff to better understand their concerns.

HB 3286, *Mulready/Stanislowski*, **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 OHA expressed concerns to the bill's authors who agreed to changes related to record keeping and the inspection of records in a hospital that are specifically related to the fulfillment of the enrollment or assistance of enrollment duties of the navigator.

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.

HB 2384, *Cox/Crain*, **Provider Rate – Hepatitis C**, 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.

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