



OHA Session Highlights

Second Session of the 58th Oklahoma Legislature

The Oklahoma Legislature completed its second session of the 58th Legislature on Friday, May 27. The following are the most significant pieces of legislation that passed this year for the hospital industry and health care generally.

June 2022

MEDICAID MANAGED CARE

[SB 1337](#), by Sen. Greg McCortney (R-Ada) and Rep. Marcus McEntire (R-Duncan), and [SB 1396](#) by Sen. McCortney and Rep. Kevin Wallace (R-Wellston), moves Oklahoma's Medicaid program into a quality and value driven system with **implementation on Oct. 1, 2023**. While SB 1337 contains the policy language for this transformation, SB 1396 contains the financial model for the new program, known as directed payment program. The bills do the following:

- Reimburses existing SHOPP paying hospitals (68 hospitals) based on 90% of the Average Commercial Rate (ACR) instead of Medicare rates for pregnant women, children and expansion enrollees.
- Injects approximately \$600 million+ into the existing SHOPP program, impacting both rural and urban areas of Oklahoma, without any additional state funding, and provides incentives payments for contracted Medicaid providers.
- Requires hospitals to invest in quality.
- Provides permanent funding for Medicaid expansion through hospital provider fees.
- SB 1337 maintains the rate floor language outlined in last year's SB 131 for four years.
- Allows for provider-led accountable care organizations to contract with the Oklahoma Health Care Authority.
- Protects existing rural health clinic rates.
- Excludes the aged, blind and disabled population with SHOPP continuing to fund this population.

The Oklahoma Health Care Authority (OHCA) has announced that requests for proposals will be issued in the fall of 2022. A related measure, [HB 2322](#), by Rep. McEntire and Sen. Zack Taylor (R-Seminole), was included in this package at the last minute and addressed pharmacy under this new value-based system. It adds pharmacies and pharmacists to the list of essential community providers within SB 1337 and clarifies the reimbursement level for pharmacy. SB 1396 and HB 2322 were contingent upon the governor signing SB 1337; however, SB 1396 is also contingent upon CMS approval of the directed payment program.

PUBLIC TRUSTS

[SB 173](#) by Sen. Paul Rosino (R-Oklahoma City) and Rep. Nicole Miller (R-Edmond), eliminates the current competitive bidding requirements applicable to public trust hospitals for operational purchases (i.e., acquisition of equipment, supplies, services). Effective Nov. 1, 2022, public trust hospitals will be able to adopt their own policies and procedures for such expenses.

HOSPITALS AS A BUSINESS

[SB 1596](#) by Sen. Brent Howard (R-Altus) and Rep. Preston Stinson (R-Edmond) re-established the health care power of attorney.

[HB 3319](#) by Rep. Nicole Miller (R-Edmond) and Sen. John Haste (R-Broken Arrow) establishes a new critical need license for doctors and nurses for use under a state or federal emergency.

[HB 3504](#) by Rep. Melissa Provenzano (D-Tulsa) and Sen. Jessica Garvin (R-Duncan) requires all health benefit plans to cover breast cancer diagnostic imaging and diagnostic mammography.

BUDGET AND APPROPRIATIONS

The **FY'23** budget bill, [SB 1040](#) by Sen. Roger Thompson (R-Okemah) and Rep. Kevin Wallace (R-Wellston) appropriates \$9.84 billion. The budget includes \$7 million for mental health provider rate increases and \$2 million to increase access to acute behavioral health for children. According to the appropriations summary produced by the House and Senate, the University Hospitals Authority received a 42.7% increase, and the Oklahoma State University Medical Authority received a 27.9% increase over the FY'22 budget.

The budget limits bill for the OHCA, [SB 1074](#) by Sen. Thompson and Rep. Wallace, contains language that authorizes the agency to transfer dollars between certain funds to satisfy claims made to the agency under the Supplemental Hospital Offset Payment Program Act. In layman's terms, this is necessary to ensure the Oklahoma Health Care Authority has legislative direction on spending for the new Medicaid managed care model.

Two additional measures that are intended to assist rural infrastructure, including hospitals, [HB 4456](#) and [HB 4464](#) by Rep. Wallace and Sen. Thompson, create the Rural Economic Prosperity Fund (HB 4456) with an appropriation of \$250 million (HB 4464).