

October 25, 2010

Dr. Garth Splinter, State Medicaid Director
Oklahoma Health Care Authority
2401 NW 23rd St, Suite 1A
Oklahoma City, Oklahoma 73107
Attention: Tywanda Cox

Dear Dr. Splinter:

This letter is being sent as a companion to our approval of Oklahoma State Plan Amendment (SPA) 08-07 that amends Targeted Case Management (TCM) services for children under the age of 18 who are assessed to be at risk of abuse or neglect and who are in the custody of Department of Human Services.

Based on our review of the submitted reimbursement page, CMS has determined the TCM reimbursement methodology, which provides for payment of actual incurred cost is not described comprehensively enough. The State modified reimbursement by indicating that it was changing procedures and processes for these TCM services; however, it did not explain the nature of these changes nor did it comprehensively describe its method for identifying allowed cost.

Section 1902(a) of the Act requires that States have a State plan for medical assistance that meets certain federal requirements that set out a framework for the State program. Implementing regulations at 42 CFR 430.10 requires that the State plan be a comprehensive written statement containing “all information necessary for CMS to determine whether the plan can be approved as a basis for Federal Financial Participation (FFP) in the State program. In addition, section 1902(a)(30)(A) of the Act requires that States have methods and procedures in place to assure that payments to providers are consistent with efficiency, economy and quality of care. To be comprehensive, payment methodologies should be understandable, clear and unambiguous. In addition, because the plan is the basis for FFP, it is important that the plan language provide an auditable basis for determining whether payment is appropriate.

CMS made the State aware of the issue of lack of comprehensiveness through the formal request for additional information; however, the State was not able to fully document its cost reporting reimbursement methodology prior to approval of this SPA. We request the State to provide this information and to make clear how processes and procedures were modified through this SPA. CMS appreciates the opportunity to work with Oklahoma on resolving these outstanding items.

Please respond to this letter within 90 days of its receipt with a corrective action plan describing how you will resolve the issues identified above. During the 90-day period, we are happy to provide any technical assistance that you need. State plans that are not in compliance with requirements at 42 CFR 447.321 are grounds for initiating a formal compliance process.

If you have any questions regarding this letter, please contact Cheryl Rupley at 214-767-6278 by phone or by email at cheryl.rupley@cms.hhs.gov .

Sincerely,

/s/

Bill Brooks
Associate Regional Administrator
Division of Medicaid and Children's Health Operations