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State/Territory Name: Oklahoma

State Plan Amendment (SPA) #: 16-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Dallas Regional Office
1301 Young Street, Suite 833
Dallas, Texas 75202



DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI

June 28, 2016

Our Reference: SPA OK 16-10

Becky Pasternik-Ikard
State Medicaid Director
2401 NW 23rd Street, Suite 1A
Oklahoma City, Oklahoma 73107

Dear Ms. Pasternik-Ikard:

Enclosed is a copy of approved Oklahoma State Plan Amendment (SPA) No. 16-10, with an effective date of January 1, 2016. This amendment was submitted to implement a three percent reduction for Durable Medical Equipment (DME) provider rates. This resulted in a decrease in provider payments, creating a budget impact of (\$273,478) for Federal Fiscal Year (FFY) 2016 and (\$635,622) for 2017.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

Because the proposed SPA would reduce or restructure provider payment rates, OHCA was also required to demonstrate compliance with 42 CFR 447.204(b)(2) and 42 CFR 447.204(b)(3) by completing an analysis of the effect of the change in payment rates on access and a specific analysis of the information and concerns expressed in input from affected stakeholders. The State must adhere to the public process requirements set forth in 42 CFR 447.204 and establish monitoring plan procedures in compliance with 42 CFR 447.203(b)(6)(ii). To demonstrate compliance with these requirements, the State submitted the following to CMS with the proposed SPA:

- a. The State utilized an analysis of multiple data sources that encompassed a comparative rate analysis, assessment of the available provider network, number of members with a paid claim in the past State Fiscal Year and utilization of services over time to determine that access was currently sufficient and access would not be negatively impacted by the proposed rate reduction. The State concluded that the data reflected adequate access to laboratory services across the State.

- b. Several stakeholder meetings were conducted in 2015 with providers, advocates, and beneficiaries to engage in discussion regarding the extent of the agency's budget challenges, rate modifications and the reasons for the modifications. OHCA posted the proposed rate cut information on the agency web page for the entire month of December 2015 to advise providers, members, and the public of the pending rate reduction. On December 4, 2015, a public notice of the proposed rate reduction and public hearings appeared in the five major newspapers of the state. The rate reduction was addressed at the meeting of the State Plan Amendment Rate Committee held December 9, 2015, and the meeting of the Board held December 10, 2015. No comments were submitted to the posting on the agency web page and the State has not received complaints from the public regarding this rate reduction in response to any other public notifications.

- c. In compliance with the regulations at 42 CFR 447.203(b)(6)(ii), the State has affirmed that all expenditures by provider type will be monitored through the Medicaid Management Information System by the Finance Division. The Finance Division will report any fluctuations in payments on a monthly basis, and if reductions in expenditures/utilization of five percent or more are noted, the State will do further analyses as to the type and location of the reductions and canvass those that do change, so that action may be taken. In addition to monitoring Helpline calls and reported expenditures, the State has implemented a process for immediate notification to the Director of Provider Services if any provider requests to terminate a contract. The Provider Services department is continually making site visits for the purposes of recruitment and education, and will continue making personal contacts with the provider community if a network decrease is noted, and recruit additional providers to ensure that the network is sufficient.

Additionally, the agency will monitor complaints from recipients and advocates to determine whether an access problem arises in accordance with the regulation at 42 CFR 447.203(b)(6)(ii). If the analyses and reported problems from providers and recipients increase, then the agency will intensify interventions to improve access and assist with each situation on a case-by-case basis, including utilizing the methods described above.

Based on CMS's review of this information, the State has satisfactorily documented access to care consistent with the requirements of 42 CFR 447.204(b)(2) and 42 CFR 447.204b(3); described the monitoring procedures required at 42 CFR 447.203(b)(6)(ii); and conducted the public process and notice described in 42 CFR 447.204 and 447.205. CMS will be periodically contacting the State to understand how the State's monitoring activities are progressing. CMS reminds the State that for all changes in policies or rates that could potentially affect access to care or quality of care, notifications to providers, consumers, and other stakeholders must specifically list those services and programs affected by those changes. Such public notice issued by the State should follow the guidance as described in the Center for Medicaid & Chip Services Informational Bulletin "Reminder of Federal Requirements: Notice and public process requirements for changes to Medicaid payment rates" issued June 22, 2016.

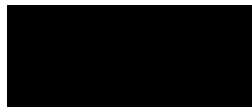
This letter affirms that OK 16-10 is approved effective January 1, 2016 as requested by the State.

We are enclosing the HCFA-179 and the following amended plan pages.

- o Attachment 4.19B, Page 10

If you have any questions regarding this matter you may contact Stacey Shuman at 214-767-6479, or by email at stacey.shuman@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

for

Bill Brooks
Associate Regional Administrator

CC: Billy Bob Farrell, DMCH Dallas
Stacey Shuman, DMCH Dallas
Jeremy Silanskis, CMS Baltimore
Linda Tavener, CMS Baltimore
Mark Pahl, CMS Baltimore

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 1 6 - 1 0	2. STATE Oklahoma
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE January 1, 2016
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5. TYPE OF PLAN MATERIAL (*Check One*)

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS A NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 440.120	7. FEDERAL BUDGET IMPACT a. FFY 2016 (\$273.478) b. FFY 2017 (\$635.622)
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 10	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-B, Page 10, TN# 14-26
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10. SUBJECT OF AMENDMENT


Three percent DME provider rate reduction

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED **The Governor does not review State Plan material.**
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Oklahoma Health Care Authority Attn: Tywanda Cox 4345 N. Lincoln Oklahoma City, OK 73105
13. TYPED NAME Joel Nico Gomez	
14. TITLE Chief Executive Officer	
15. DATE SUBMITTED January 26, 2016	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED 26 January, 2016	18. DATE APPROVED 28 June, 2016

PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL 1 January, 2016	20.  for
21. TYPED NAME Bill Brooks	22. TITLE Associate Regional Administrator, DMCH Dallas

23. REMARKS

c: Nico Gomez
Becky Pasternik-Ikard
Tywanda Cox

**METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE**

State: Oklahoma
 Date Received: 26 January, 2016
 Date Approved: 28 June, 2016
 Effective Date: 1 January, 2016
 Transmittal Number: 16-10

9. Payment for other services and supplies

(a) Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

- (1) If the item of DMEPOS is covered by Medicare, the Medicaid fee will be equal to or a percentage of the Medicare fee schedule specific to Oklahoma that is available at the time of the fee review, unless there is documentation that the Medicare fee is insufficient for the items covered under the HCPCS code and the item is required by the Medicaid population.
- (2) For items of DMEPOS not paid at the Medicare fee or a percentage of the Medicare fee, the provider will be reimbursed either at a fee determined by the OHCA or through manual pricing. The fee established by OHCA will be determined from cost information for providers or manufacturers, surveys of Medicaid fees for other states, survey information from national fee analyzers, or other relevant fee-related information.
- (3) Manual pricing is reasonable when one HCPCS code covers a broad range of items with a broad range of costs, since a single fee may not be a reasonable fee for all items covered under the HCPCS code, resulting in access-to-care issues. Examples include: 1) HCPCS codes with a description of not otherwise covered, unclassified, or other miscellaneous items; and 2) HCPCS codes covering customized items. Effective October 1, 2014, if manual pricing is used, the provider is reimbursed the documented Manufacturer's Suggested Retail Price (MSRP) less 30% or the provider's documented invoice cost plus 30%, whichever is less.
- (4) Payment for stationary oxygen systems (liquid oxygen systems, gaseous oxygen systems and oxygen concentrators) is based on a continuous rental, i.e., a continuous monthly payment is made as long as it is medically necessary. The rental payment includes all contents and supplies, e.g., regulators, tubing, masks, etc. Portable oxygen systems are considered continuous rental. Separate payment will not be made for maintenance, servicing, delivery, or for the supplier to pickup the equipment when it is no longer necessary. Payment for oxygen and oxygen equipment and supplies will not exceed the Medicare fee for the same HCPCS code. Stationary oxygen system and portable oxygen system rates are reduced by 15 percent for all members residing in nursing facilities (Place of Service 31, skilled nursing facility, & Place of Service 32, nursing facility). For members residing in nursing facilities, oxygen will continue to be reimbursed on a continuous rental basis.
- (5) The current Medicaid fee schedule is effective for services provided on or after 01/01/2010. The fee schedule will be reviewed and changes posted to the Agency's website (www.okhca.org) in relation to the State Fiscal year beginning July 1, 2010, and updated annually.
- (6) Effective for services provided on or after 01-01-16, the rates in effect on 12-31-15 will be decreased by 3%.

(b) Eye glasses

Reimbursement for eye glasses will be equal to or a percentage of the Medicare allowed charge, or in the absence of a Medicare allowable, the Agency will establish an allowable. The current fee schedule is effective for services provided on or after 01/01/2010. The fee schedules will be reviewed and changes posted to the Agency's website (www.okhca.org) in relation to the State Fiscal year beginning July 1, 2010, and updated annually.

Effective for services provided on or after 07-01-14, the rates in effect on 06-30-14 will be decreased by 7.75%.

Effective for services provided on or after 01-01-16, the rates in effect on 12-31-15 will be decreased by 3%.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of other services and supplies and the fee schedule and any annual periodic adjustment to the fee schedule are maintained in the Agency database and posted to the Agency's website (www.okhca.org).

Revised 01-01-16

TN # 16-10

Approval Date 6/28/16

Effective Date 1/1/16

Supersedes
TN # 14-26