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# Oklahoma Health Care Authority



## §1115(a) SoonerCare Research and Demonstration Waiver Amendment Request

**Project Number: 11-W-00048/6**

**Submitted  
July 19, 2013**

## I. OVERVIEW

The recent health reform legislation, the Patient Protection and Affordable Care Act (PPACA), passed in March 2010 by Congress, requires new mandates and modifications to the current Medicaid program. The State proposes to amend the Oklahoma Medicaid program, known as SoonerCare, in order to comply with federal law.

Oklahoma's single-state Medicaid agency, the Oklahoma Health Care Authority (OHCA), operates Medicaid, known as the §1115(a) SoonerCare Choice Research and Demonstration Waiver, which was initially approved in 1995. The SoonerCare demonstration utilizes an enhanced Primary Care Case Management (PCCM) delivery system that furnishes a medical home for qualified members. OHCA contracts directly with medical home primary care providers throughout the State to provide accessible, quality health care services.

As Oklahoma moves forward with health reform and the mandated compliance with the PPACA, the OHCA continues its mission to provide quality health care to Oklahoma's most vulnerable populations, as well as to ensure seamless coverage and accessibility to care. During this health reform transition, the OHCA's objectives are to:

- Comply with eligibility and enrollment provisions;
- Preserve SoonerCare services to current members who are MAGI-exempt or would benefit from maintenance-of-effort provisions; and
- Enable the smooth transition of Oklahomans between insurance affordability programs.

The State submitted the SoonerCare Choice Renewal Application to the Centers for Medicare & Medicaid Services (CMS) on December 31, 2011, requesting an extension of the program for the period January 1, 2013 to December 31, 2015. OHCA received CMS approval for the SoonerCare Choice Renewal Application on December 31, 2012.

The State seeks an amendment approval from CMS by September 15, 2013, in order to initiate certain federal health reform requirements, as well as to ensure seamless operational transitions, by October 1, 2013. Certain components of the proposed amendment, however, have an effective date of January 1, 2014, in order to accommodate other federal timeframes for health reform implementation. *To review a history of SoonerCare amendments throughout the demonstration, see Appendix A.*

## II. EXECUTIVE SUMMARY

The OHCA seeks to amend the current §1115(a) SoonerCare Choice Research and Demonstration Waiver to comply with the mandated requirements of the PPACA. The proposed amendment changes incorporate some of the demonstration's main program elements, as outlined in CMS' Special Terms and Conditions (STCs) for Oklahoma.

OHCA proposes the following amendment provisions:

- To amend eligibility guidelines by adding the mandated PPACA Targeted Low-Income Child<sup>1</sup> eligibility group to the SoonerCare Choice demonstration beginning January 1, 2014;
- To amend eligibility guidelines by covering pregnant women at the federally-required Medicaid minimum of 133 percent FPL after January 1, 2014, as Maintenance of Effort provisions specify that existing coverage for adults expires on January 1, 2014.
- To amend the Enrollment section of the STCs specifying that all SoonerCare applicants, unless exempt, adhere to the new 2014 Modified Adjusted Gross Income (MAGI) requirements for income verification, effective January 1, 2014;
- To amend SoonerCare Choice budget neutrality modifying the eligibility groups.

OHCA submits the 2014 SoonerCare Choice amendment to comply with the mandated requirements of the PPACA. As OHCA works toward implementation and the federal requirement timeframes, OHCA will work with CMS on the details and execution of the proposed changes in order to effectively serve members.

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<sup>1</sup> In accordance with 42 CFR 457.310.

### **III. PROPOSED CHANGES TO SOONERCARE CHOICE DEMONSTRATION**

The following section modifies the existing Eligibility portion of the SoonerCare Choice STCs.

#### **1. Eligibility**

OHCA proposes the following eligibility criteria for the SoonerCare Choice demonstration to take effect January 1, 2014:

a) The State adds the mandatory Targeted Low-Income Child eligibility group for children ages 0-18, under Title XXI. This group includes children who are enrolled in SoonerCare on December 31, 2013, and are ineligible for Medicaid as a result of the elimination of income disregard.

MAGI methodology is not applied to determine eligibility for children who are enrolled in SoonerCare on December 31, 2013, until March 31, 2014 or the child's next regularly scheduled renewal, whichever is later. Since the application of MAGI eliminates income disregards, if the elimination of those income disregards makes the child financially ineligible, the child is related to the Targeted Low-Income Child eligibility group. OHCA estimates that approximately zero children will be eligible for this group.

Eligibility for children in this group expires on the date of the child's next regularly scheduled recertification after the recertification for which the MAGI methodology was first used. This eligibility group terminates for all children December 31, 2015.

b) In accordance with State Medicaid Director's Letter 11-001, the Maintenance of Effort (MOE) provision for existing adult coverage will expire January 1, 2014, or until the Department of Health and Human Services Secretary determines that a Federally-Facilitated health insurance marketplace is fully operational within the State. Pursuant to the expiration of the MOE for adults, the OHCA exercises its option and authority to cover pregnant women at the federally-required Medicaid minimum of 133 percent FPL, effective January 1, 2014, as mandated under Section 2001 of the PPACA.

OHCA Information Systems staff is currently in the process of making these systems changes.

As a condition of Maintenance of Effort indicated in Section 2001 of the PPACA, if the Federally-Facilitated health insurance marketplace is not fully operational by January 1, 2014, the State will maintain existing eligibility standards and benefits for pregnant women approved by the Secretary under Title XIX until the Federally-Facilitated health insurance marketplace is fully operational.

c) All other existing SoonerCare Choice eligibility groups remain consistent with the January 1, 2013 to December 31, 2015, SoonerCare Choice Renewal Application.

OHCA proposes to collaborate with CMS to incorporate the above changes into the following SoonerCare Choice Eligibility chart.

Mandatory State Plan Groups	FPL and/or Other Qualifying Criteria <sup>2</sup>
Pregnant women (1902(a)(10)(A)(i)(IV))	Up to 133 percent FPL
Children under age 1 (42 CFR 435.118)	Up to 133 percent FPL
Children ages 1-5 (this includes the CHIP Medicaid expansion) (1902)(a)(10)(A)(i)(VI))	Up to 133 percent FPL
Children ages 6-18 (this includes the CHIP Medicaid expansion) (1902)(a)(10)(A)(i)(VII))	Up to 100 percent FPL
IV-E Foster Care or Adoption Assistance Children	Automatic Medicaid eligibility
Low-Income Families with Children (1931)	73 percent of AFDC need standard
SSI Recipients	Up to SSI limit.
Pickle Amendment	Up to SSI limit.
Early Widows/Widowers	Up to SSI limit.
Disabled Adult Children	Up to SSI limit.
1619(b)	SSI for unearned income and earned income limit is the 1916(b) threshold amount for Disabled SSI members, as updated annually by the SSA.
Targeted Low-Income Child	Up to 185 percent FPL

Optional State Plan Groups	FPL and/or Other Qualifying Criteria <sup>2</sup>
Children under age 1 (42 CR 435.118)	Above 133 – 185 percent FPL
Children ages 1-5 (this includes the CHIP Medicaid expansion) (1902)(a)(10)(A)(i)(VI))	Above 133 – 185 percent FPL
Children ages 6-18 (this includes the CHIP Medicaid expansion) (1902)(a)(10)(A)(i)(VII))	Above 100 – 185 percent FPL
Non-IV-E foster care children under age 21 in State or Tribal custody	AFDC limits as of 7/16/1996
Aged, Blind and Disabled	From SSI to 100 percent FPL
Eligibly but not receive cash assistance	Up to SSI limit
Individuals receiving only optional state supplements	100 percent SSI FBR + \$41 (SSP)
Breast and Cervical Cancer Prevention and	Up to 185 percent FPL (250 percent FPL for

<sup>2</sup> It should be noted that the State receives Title XIX matching dollars for income up to 133 percent FPL and the enhanced Title XXI matching dollars for income between 134 percent and 185 percent FPL.

Optional State Plan Groups	FPL and/or Other Qualifying Criteria <sup>2</sup>
Treatment	tribes)
TEFRA children (under 19 years of age) with creditable health care insurance coverage	Must be disabled according to SSA definition, with gross personal income at or below 200 percent FPL, but less than 300 percent of SSI.
TEFRA children (under 19 years of age) without creditable health care insurance	Must be disabled according to SSA definition, with gross personal income at or below 200 percent FPL, but less than 300 percent of SSI and for whom the State is claiming Title XXI.

### *Eligibility Exclusions*

OHCA would like to add the following persons to the Eligibility Exclusions section of the STCs:

- Individuals receiving minimum essential coverage from the Federally-Facilitated health insurance marketplace.
- Individuals in the Former Foster Care group.
- Pregnant women with incomes between 134 percent and 185 percent FPL.

## **2. Enrollment**

All persons who apply for SoonerCare Choice beginning January 1, 2014, will have their information processed through the OHCA online enrollment and eligibility system. This includes processing applicants' income information through Modified Adjusted Gross Income (MAGI) for determination of SoonerCare eligibility.

MAGI methodologies will not be applied for current SoonerCare beneficiaries (adults and children) until March 31, 2014, or the next scheduled redetermination date, whichever is later. Eligibility groups exempt from MAGI who will continue to use current income verification rules include Aged, Blind, and Disabled, TEFRA, and BCC members.

## **3. Budget Neutrality**

See attached budget neutrality.

## **IV. PROGRAM INTEGRITY AND QUALITY ASSURANCE**

OHCA continues to provide program integrity through monitoring of the SoonerCare Choice demonstration. OHCA's Program Integrity and Accountability unit performs a financial audit of the Waiver's service providers as part of a more comprehensive provider audit process. Staff makes available to providers a report of financial audits that include findings and recommendations/requirements for plan correction/improvement of provider business processes, if any.

OHCA also participates in the Payment Error Rate Measurement (PERM), as a response to the Improper Payments Information Act of 2002. This initiative measures Medicaid and CHIP error payment rates for each program. Oklahoma received a 1.2 percent error rate on 2011 Medicaid program payments.

In addition, OHCA contracts with APS Healthcare to perform an External Quality Review for the SoonerCare Choice program.

## **V. MODIFICATION OF EVALUATION DESIGN**

At this time, OHCA will not be adding an additional hypothesis for the 2013-2015 demonstration extension period since the mandated eligibility group – the Targeted Low-Income Child – is expected to have zero enrollment.

## **VI. PUBLIC NOTICE**

In accordance with the STCs regarding *Public Notice, Tribal Consultation, and Consultation with Interested Parties*, Oklahoma has provided meaningful public notice to the American Indian Tribes, as well as to the general public, for the proposed program changes outlined in the aforementioned sections.

### Public Notice:

- OHCA Board Retreat – OHCA Medicaid Director presented PPACA options for the 2014 SoonerCare Demonstration during Session 4 of the August 23, 2012, annual OHCA Board Retreat, held in Tulsa, Oklahoma. The meeting times and locations are published beforehand in accordance with Oklahoma’s Open Meeting Act.
- OHCA Medical Advisory Committee (MAC) – OHCA staff presented the SoonerCare proposed changes at the MAC meeting in Oklahoma City, Oklahoma on September 20, 2012. The meeting’s times and locations are published beforehand in accordance with Oklahoma’s Open Meeting Act.
- Member Advisory Task Force (MATF) – OHCA staff presented the SoonerCare proposed changes to members of the MATF on October 6, 2012. The MATF was held at the OHCA in Oklahoma City, Oklahoma.
- Perinatal Advisory Task Force (PATF) – OHCA staff presented the SoonerCare proposed changes at the PATF meeting on October 16, 2012, at the Oklahoma City OU Health Science Center Campus, which included teleconferencing with the OU Tulsa Schusterman Campus. The meeting’s times and locations are published beforehand in accordance with Oklahoma’s Open Meeting Act.
- Tribal Consultation – OHCA sent notice of the SoonerCare proposed changes to the tribes on August 21, 2012. Staff presented and discussed the proposed amendment changes with tribal partners at the September 4, 2012, Tribal Consultation meeting held at OHCA.



### Comments Received<sup>3</sup>:

*Comment: How are 2014 SoonerCare changes going to be made available and communicated?*

*Response:* OHCA is providing sufficient public notification through public hearings held at different locations and the Tribal Consultation process, which includes representatives from each of the Oklahoma tribes.

*Comment: If the State lowers the income level for pregnant women to 133 percent of FPL, will pregnant women with income between 134 percent and 185 percent FPL receive pregnancy-related benefits through SoonerCare and be eligible for benefits on the Federally-Facilitated health insurance marketplace?*

*Response:* Since the Maintenance of Effort provision for existing adult coverage will expire on January 1, 2014, the State will lower the income level for pregnant women to the federally-required Medicaid minimum of 133 percent of the FPL. Pregnant women with income levels between 134 percent and 185 percent of the FPL will be able to receive limited pregnancy-related benefits as it relates to the unborn child under Title XXI, in accordance with Maintenance of Effort, or receive tax subsidies for the Federally-Facilitated health insurance marketplace. In accordance with Oklahoma Administrative Code (OAC) 317:35-22-1 and Title XXI, pregnant women with incomes 134-185 percent FPL cannot receive dual coverage.

### **VII. STATE PLAN AMENDMENT(S)**

OHCA plans to submit corresponding state plan amendments for the federal mandated provisions, as it relates to the SoonerCare Choice demonstration. The state plan amendment(s) will:

- Add the mandated Targeted Low-Income Child eligibility group, effective January 1, 2014;
- Amend eligibility guidelines by covering pregnant women at the federally-required Medicaid minimum of 133 percent FPL beginning January 1, 2014; and
- Amend eligibility guidelines to require SoonerCare applicants, unless exempt, to adhere to the Modified Adjusted Gross Income requirements for income verification, effective January 1, 2014.

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<sup>3</sup> Comments received also included topics outside the scope of this amendment. Those comments have not been included.

## APPENDIX A

### Timeline of SoonerCare Choice Amendments

- August 1995 Oklahoma received approval from the Health Care Financing Administration to operate SoonerCare under Section 1915(b). The program was subsumed under a Section 1115(a) demonstration waiver, effective January 1, 1996.
- September 30, 2005 Health Insurance Flexibility and Accountability (HIFA) amendment approved to provide insurance coverage to adults employed by small employers and working disabled adults.
- September 30, 2005 A Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) amendment approved to expand coverage to eligible disabled children.
- January 3, 2009 Amendment approved to change the service delivery model from a prepaid Ambulatory Health Plan to an exclusive Primary Care Case Management model.
- January 3, 2009 Amendment approved to add an expansion population to the State's Employer-Sponsored Insurance program, Insure Oklahoma, for full-time college students age 19 through age 22 not to exceed 200 percent of the Federal Poverty Level, up to a cap of 3,000 participants.
- January 3, 2009 Amendment approved to expand the size of employers who can participate in Insure Oklahoma from 50 employees to 250 employees.
- January 3, 2009 Amendment approved to expand the description of qualified primary care physicians to permit County Health Departments to serve as medical homes for members who choose these providers.
- January 3, 2009 Amendment approved to include an option for the voluntary enrollment of children in State or Tribal custody in the SoonerCare demonstration.
- January 3, 2009 Amendment approved to implement a new "Payments for Excellence" incentive payments program to build upon the current Early Periodic Screening, Diagnosis, and Treatment (EPSDT) and Fourth Diphtheria, Tetanus and Pertussis (DTaP) Bonus program.
- January 3, 2009 Amendment approved to amend cost sharing requirements for the Insure Oklahoma program and add a \$1 copay for non-pregnant adults in SoonerCare.
- January 1, 2010 Amendment approved to implement the Health Access Network pilot program.
- January 1, 2010 Amendment approved for the expansion of eligibility under the Insure Oklahoma program for non-disabled working adults and their spouses,

disabled working adults and full-time college students from 200 percent of the FPL up to and including 250 percent of the FPL.

- January 1, 2010 Amendment approved to add a new eligibility group under the Insure Oklahoma program for foster parents up to and including 250 percent of the FPL.
- January 1, 2010 Amendment approved to add a new eligibility group under the Insure Oklahoma program for employees of not-for-profit businesses having fewer than 500 employees, up to and including 250 percent of the FPL.
- November 2, 2010 Amendment approved to update cost sharing for non-pregnant adults to be consistent with cost sharing assessed under the State Plan.
- April 25, 2011 Amendment approved to implement a waiting list for the Insure Oklahoma program when enrollment reaches 35,000.
- August 1, 2011 Amendment approved to eliminate the \$10 copay for the initial prenatal visit under Insure Oklahoma Individual Plan.
- January 2012 OHCA submits to CMS a SoonerCare Choice amendment to comply with the Patient Protection and Affordable Care Act.
- December 31, 2012 CMS approved the State's 2013-2015 Renewal Application, which included the State's amendment requests to limit the Insure Oklahoma Individual Plan adult outpatient behavioral health benefit to 48 visits per year, and to modify the Health Management Program.