

BOARD AGENDA ATTACHMENT 5.b

Oklahoma Health Care Authority SFY10 Budget Reduction Analysis and Staff Recommendations

FY-2010 Proposed Budget Reductions	Agenda Rule No.	Annual Impact	FY2010 Impact Total	Impact State	* Staff Recommend.
Administration					
* 5% Administration Reduction		6,318,004	5,791,504	2,895,752	2,895,752
Dental					
* Reduce payment for posterior fillings to amalgam rate		10,092,897	5,046,449	1,795,022	1,795,022
Eliminate dental for pregnant women		3,812,596	1,906,298	678,070	
Durable Medical Equipment (DME) 6C - 1					
* Pricing adjustments for oxygen and capped rental (eff. 1/1/10)		1,000,000	500,000	177,850	177,850
* Reduce oxygen payment rates for adults		945,539	472,770	168,164	168,164
* Pricing adjustments for children's nebulizers and eliminate adult nebulizers		1,060,584	530,292	188,625	188,625
* Restrict number of blood glucose test strips w/out a PA to 100 strips		1,528,284	764,142	271,805	271,805
* Eliminate other adult products		717,814	358,907	127,663	127,663
Negative pressure wound therapy pump, blood glucose monitors, osteogenic stimulators, portable oxygen contents, form fitting conductive garments, etc.					934,108
Pharmacy					
* Change script limit to 2 brand + 4 generic for non-waiver adults This also includes the loss of related drug rebate revenue	6C - 2	3,220,000	1,610,000	572,677	572,677
* Utilization management of triptans, otics, fibromyalgia, and antipsychotics eff. 4/01/10		7,000,000	1,750,000	622,475	622,475
* Revised reimbursement methodology for certain injectable drugs		2,600,000	1,300,000	462,410	462,410
Provider Payment Changes					
Equalize payment reimbursement for C-sections & vaginal deliveries Facility (C-Sec 30% decrease; Vaginal 15% increase)		4,359,738	2,179,869	775,379	
Physician (C-Sec 10% decrease; Vaginal 5% increase)		1,053,499	526,749	187,365	
Crossover Co-insurance & Deductible					
* Hospitals					
Co-insurance - 75% decrease (80% outpatient claims)		31,782,442	11,918,416	4,239,380	4,239,380
Deductible - 25% decrease (95% inpatient claims)		8,339,266	3,127,225	1,112,354	1,112,354
Lab		881,653	440,826	156,802	
Behavioral Health utilization controls					
* Implement cost caps for levels 3 & 4 (25% reduction)		3,542,568	1,771,284	630,046	630,046
* Modify payment methodology to tiered reimbursement (4/01/10) for Psychiatric Residential Treatment Facilities (PRTF's)		5,387,371	1,795,790	638,763	638,763
* Increase member's co-pay not to exceed federal maximum (eff. 4/01/10) Dental, Home Health, Pharmacy, DME, Inpatient, Adult BH	6C - 3	2,453,578	613,395	218,184	218,184
Eliminate reimbursement for newborn circumcision		1,858,621	929,311	330,556	
Modifying hospital payments for patient transfers		1,935,885	967,943	344,297	
ER visits limited to 3 paid visits per year (non-pregnant adults)		8,430,148	4,215,074	1,499,302	
* Eliminate Modifier 57 code (separate payment for E&M and procedure codes)		228,414	114,207	40,623	40,623
* Eliminate separate payment (impacted earwax)		190,108	95,054	33,811	33,811
Eliminate outpatient adult therapies (OT, PT, speech)		1,229,280	614,640	148,558	
* Never events / present on admission Modify EPSDT periodicity schedule	6C - 4		(pending analysis)		
			(pending analysis)		
Provider Rate Reductions (1%)					
Hospital		8,487,842	4,243,921	1,509,563	
Physician		3,438,043	1,719,021	611,456	
Nursing Facilities		5,184,531	2,592,266	922,069	
Other Providers		3,355,675	1,677,837	596,807	
Behavioral Health		2,494,953	1,247,476	443,727	
Subtotal Provider Rate Reductions		22,961,043	11,480,522	4,083,622	
Quality Assurance & Program Integrity					
* Medical necessity inpatient review		395,624	197,812	70,362	70,362
* Eliminate split billing			(pending analysis)		
* Improving inpatient payment accuracy/1 day stay		8,800,000	7,300,000	2,596,610	2,596,610

16,862,576

Notes

- * Indicates staff recommendations
- All budget reduction estimates assume a 1/01/10 implementation date unless otherwise noted