
State Demonstrations Group

December 11, 2017

Rebecca Pasternik-Ikard
Chief Executive Officer
Oklahoma Health Care Authority
4345 N. Lincoln Boulevard
Oklahoma City, OK 73105

Dear Ms. Pasternik-Ikard:

This letter is in response to Oklahoma's request for a one-year extension of Oklahoma's Medicaid demonstration, entitled "SoonerCare" (Project Number 11-W-00048/6), under section 1115 of the Social Security Act (the Act). The SoonerCare demonstration provides Primary Care Case Management (PCCM) for Medicaid beneficiaries and either premium assistance for employer sponsored insurance or direct coverage for adults who would not otherwise be eligible for Medicaid. We are working on the final terms of the extension, which will contain only slight technical changes and no programmatic changes, and expect to complete that work very soon.

In addition, on August 2, 2017, Oklahoma submitted a request to amend the SoonerCare demonstration to obtain new authority for federal match for payments to state universities, to recruit, train and retain medical professionals. This authority is not currently a part of the SoonerCare demonstration.

While the state did previously have authority, under the SoonerCare 1115 Demonstration, to allow supplemental payments to medical schools for a five-year period beginning January 1, 1996, that authority expired on December 31, 2001. After the first renewal of the 1115 demonstration, the supplemental payments for the universities were no longer included in the special terms and conditions (STC). Subsequent demonstration renewals did not include authority for the supplemental payments.

As part of ongoing financial management review work, CMS became aware in 2015 that, despite lack of federal authority, the state had continued to claim federal match for these payments. From the time CMS first identified and raised this concern to Oklahoma, we have continually asked the state to provide additional information to justify the state's authority to make these payments. However, we have not received such information. As a result, CMS has deferred federal match for these payments for the last quarter, as described in the accompanying OK/2017/4/E/01/MAP letter.

In light of this continued problem, the state proposed in August to amend the expenditure authority and STCs of the SoonerCare demonstration to permit the state to prospectively receive federal match for payments to state universities to recruit, train and retain medical professionals

in order to support the development of the healthcare workforce in the state. The state indicated that the payments for which it is now seeking authority are intended to offer the state universities options for training, development and placement of critical health care workers.

The state proposed that eligible program schools be four year public universities that request funding for students enrolled in academic programs that result in licensure eligibility for physicians, registered nurses, advance practice nurses or physical therapists. Universities must also provide an intergovernmental transfer (IGT) for the non-federal share, and meet or exceed defined metrics for payment. Eligible universities must also provide face to face onsite classes. The state estimates the federal financial impact to be \$115,000,000.

We support the state's goal of expanding the healthcare workforce, particularly for providers who serve Medicaid beneficiaries, and we appreciate the state's efforts to address this important issue. We understand that Oklahoma is facing a variety of issues related to training and retaining a healthcare workforce, as well as a particularly challenging budget situation.

However, at this time, CMS does not see a path to approval for the state's proposal to receive federal Medicaid match for payments made to the above described universities. Medicaid payments must be linked to the delivery of services to Medicaid beneficiaries and, if authorized under the state plan, must be in compliance with all other applicable limits.

If the state would like to provide additional information, indicating that the payments support Medicaid services to Medicaid beneficiaries, we are committed to working to identify a path forward toward an acceptable payment structure. Some portion of the expenditures, to the extent they are directed to medical providers and fit within Upper Payment Limits, may be incorporated into the state's fee-for-service payment methodology. CMS is available to provide technical assistance on options that may be available. In the meantime, CMS will continue working with the state on the extension of the current terms of the SoonerCare demonstration and expects to complete that work very soon.

If you have any questions, please do not hesitate to contact me or your project officer, Ms. Annie Hollis. Ms. Hollis can be reached at (410) 786-0795 or annie.hollis@cms.hhs.gov. We look forward to continuing to work with you and your staff on this demonstration.

Sincerely,

/s/

Judith Cash
Acting Director

cc: Bill Brooks, Associate Regional Administrator, CMS Dallas Regional Office