

OKLAHOMA HEALTH CARE AUTHORITY

SFY10 Budget Reduction Analysis

This analysis is a working document and is subject to change. It is also not a final recommendation for budget reductions.

FY-2010 Proposed budget Reductions	Members Affected	Annual Impact	FY2010 Total	Impact State
Administration				
5% Administration Reduction (11 months)		6,318,004	5,791,504	2,895,752
Dental				
Reduce payment for posterior fillings to Amalgam rate		10,092,897	5,046,449	1,795,022
Eliminate dental for pregnant women	7,196	3,812,596	1,906,298	678,070
Durable Medical Equipment (DME)				
Pricing adjustments for oxygen, nebulizers, and capped rental (eff. 1/1/10)		1,000,000	500,000	177,850
Reduce Oxygen rates for adults		945,539	472,770	168,164
Pricing adjustments for Children's nebulizers and eliminate adult nebulizers		1,060,584	530,292	188,625
Restrict number of blood glucose test strips w/out a PA to 100		1,528,284	764,142	271,805
Eliminate other adult products		717,814	358,907	127,663
Negative pressure wound therapy pump, blood glucose monitors, osteogenic stimulators, portable oxygen contents, form fitting conductive garments, etc.				
Pharmacy				
Change script limit to 2 brand + 4 generic for non-waiver adults	3,500	3,220,000	1,610,000	572,677
This also includes the loss of related drug rebate revenue				
Utilization management of triptans, otics, fibromyalgia, and antipsychotics eff. 4/01/10		7,000,000	1,750,000	622,475
Modify pharmacy schedule on member Co-pays eff 4/01/10		1,700,000	425,000	151,173
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
Deductible - 25% decrease (95% inpatient claims)		8,339,266	3,127,225	1,112,354
Lab		881,653	440,826	156,802
Behavioral Health utilization controls eff. 2/1/10				
Implement cost caps for levels 3 & 4		3,304,425	1,652,213	587,692
Modify payment methodology for PRTF's to tiered reimbursement			(pending analysis)	
Increase other providers Co-pay to federal maximum allowable 4/01/10			(pending analysis)	
Eliminate reimbursement for newborn circumcision	9,922	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)	7,943	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
Eliminate separate payment (impacted earwax)		190,108	95,054	33,811
Eliminate Outpatient adult therapies (OT, PT, speech)	600	1,229,280	614,640	148,558
Never events / present on admission			(pending analysis)	
Modify EPSDT periodicity schedule			(pending analysis)	
Revised reimbursement methodology for certain injectable drugs			(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
QA/QI				
Medical necessity inpatient review		395,624	197,812	70,362
Improving Inpatient payment accuracy/1 day stay review and edits		8,800,000	7,300,000	2,596,610