

OKLAHOMA HEALTH CARE AUTHORITY
REGULARLY SCHEDULED BOARD MEETING
August 22, 2012 at 4:00 P.M.
Oklahoma Ballroom
Tulsa South and Central Ballrooms
Hyatt Regency Hotel
100 East Second Street
Tulsa, Oklahoma

AGENDA

Items to be presented by Lyle Roggow, Chairman

1. Call to Order / Determination of Quorum
2. Action Item – Approval of July 12, 2012 OHCA Board Minutes
3. Discussion Item – Reports to the Board by Board Committees
 - a) Audit/Finance Committee – Member Miller
 - b) Strategic Planning Committee – Vice Chairman Armstrong

Item to be presented by Mike Fogarty, Chief Executive Officer

4. Discussion Item – Chief Executive Officer's Report
 - a) Financial Update – Carrie Evans, Chief Financial Officer
 - b) Medicaid Director's Update – Garth Splinter, State Medicaid Director

Item to be presented by Howard Pallotta, Director of Legal Services

5. Announcements of Conflicts of Interest Panel Recommendations for all action items regarding this board meeting.

Item to be presented by Beth VanHorn, Director of Legal Operations

6. Action Item – Consideration and Vote for Authorization to Expend Funds for a Customer Relationship Management Vendor

Item to be presented by Chairman Roggow

7. Discussion Item – Proposed Executive Session as Recommended by the Director of Legal Services and Authorized by the Open Meetings Act, 25 Oklahoma Statutes § 307(B) (1), (4) and (7)
 - a) Discussion of Pending Litigation and Claims
 - b) Evaluation of C.E.O by Board

RECESS

RECONVENE BOARD MEETING/RETREAT AT 8:30AM, THURSDAY, AUGUST 23, 2012

MINUTES OF A REGULARLY SCHEDULED BOARD MEETING
OF THE HEALTH CARE AUTHORITY BOARD
July 12, 2012
Held at the Comanche County Memorial Hospital
Lawton, Oklahoma

Manner and Time of Notice of Meeting: A statutorily required public meeting notice was placed on the front door of the Oklahoma Health Care Authority on July 11, 2012, 10:30 a.m. Advance public meeting notice is provided to the Oklahoma Secretary of State. In addition to the posting of the statutory public notice, the agency placed its agenda on its website on July 11, 2012, 12:30 p.m.

Pursuant to a roll call of the members, a quorum was declared to be present, and Chairman Roggow called the meeting to order at 1:05 p.m.

BOARD MEMBERS PRESENT:

Chairman Roggow, Vice-Chairman Armstrong,
Member Miller, Member Robison, Member McFall,
Member McVay, Member Bryant

OTHERS PRESENT:

Shirley Russell, OKDHS
Don Barrington, Senate
Jo Kilgore, OHCA
Gary Porter, OAHCP
Tom Coble, OAHCP
Cory Burnett, OHCA
Will Widman, HP
Mike Carter, MH & PG
Cathy, Oaktree
Stan Ruffner, OHCA
Dana Miller, OHCA
Sasha Bradley, OHCA
Butch Hooper, Southwestern Med. Ctr.

OTHERS PRESENT:

Debra Burch, Lawton Fort Sill Chamber
Stewart Johnson, Combined HME
Shelly Patterson, OHCA
David Rising, OAHCP
Jane Mitchell, Success By 6 / SmartStart
Josh Cook, HP
Charlie Brodt, HP
Mark Brown, Oaktree
Mitch Meadow, The Lawton Constitution
David Blackmon, Comanche County Memorial Hosp.
Jim Preble, OHCA
Dana Randell, CCHD

**DISCUSSION AND POSSIBLE VOTE ON APPROVAL OF BOARD MINUTES OF THE
REGULARLY SCHEDULED BOARD MEETING HELD JUNE 14, 2012.**

The Board routinely reviews and approves a synopsis of all its meetings. The full-length recordings of the meetings of the Board are retained at the Board Offices and may be reviewed upon written request.

MOTION:

Member McFall moved for approval of the June 14, 2012 board minutes as published. Member Robison seconded.

FOR THE MOTION:

Chairman Roggow, Vice-Chairman Armstrong,
Member Miller, Member McVay, Member Bryant

ITEM 3 / REPORTS TO THE BOARD BY BOARD COMMITTEES

Audit/Finance Committee

Member Miller reported that the Audit/Finance Committee did meet. He stated that no change has been made of the original budget work plan based on the memorandum of understanding that was recently approved between DMH and OHCA. They discussed the nursing home provider fee versus the nursing home per diem rates. On the budget work program, he stated that we believe all of our vital services were fully funded by the legislature. He discussed the move of Information Services in the IT Consolidation and believes that it will cost the state more money. On July 1st we imposed a new policy that before we will pay claims, the agencies receiving direct appropriation for their share of Medicaid money, must advance the money to us. Accounts receivable has been growing rapidly, this month grew from 18 million to 24 million dollars.

He stated that they discussed audits of certain state agencies and how it might affect federal funds. They also talked about frequent news clips from the Attorney General's Office regarding actions that they have taken to recover federal funds from Medicaid recipients. He noted that our audit teams are essentially responsible for the recovery work done. Member Miller stated that we have been authorized twelve more audit positions that will allow more audits to be done.

Strategic Planning Committee

Vice-Chairman Armstrong reported that the Strategic Planning Committee met and discussed the Board Retreat that will be held in Tulsa on August 22-24th. They also discussed items for agenda and items for discussion. They also discussed the Healthcare Exchange.

ITEM 4 / CHIEF EXECUTIVE OFFICER'S REPORT

Mike Fogarty, Chief Executive Officer

Mr. Fogarty mentioned that we are getting a lot of requests regarding the Supreme Court decision and ramifications for that decision and what the 'optional group' looks like and who they are, how many are there and what the costs are. He stated that in Oklahoma there are about 200,000 of the 625,000 uninsured would be newly qualified as an adult for the SoonerCare program. If the state chooses to cover that population for the first three years all of the costs are 100% covered. Over the course of the next three years, the matching rate would drop to 95%, then 94%, then 93%. By the year 2020, the matching rate for the benefits would be 90%.

4a. FINANCIAL UPDATE

Gloria Hudson, Director of General Accounting

Ms. Hudson reported on the financials through the month of May. She noted that the state dollar budget variance was a positive \$37.6 million dollars, and that this variance was \$4.6 million dollars higher than the prior month. For the expenditures, we continue to remain under budget by 1 percent or \$10.9 million state dollars and in Administration of \$7.8 million dollars. For the revenue, we continue to remain over budget with drug rebate at \$5.2 million state dollars, tobacco settlement funds at \$4.8 million, and settlements/overpayments at \$4.3 million state dollars. However, we are .6 percent under budget in state appropriations for \$4.8 million state dollars. For June, it appears we will continue to stay under budget for the remainder of the state fiscal year. For a detailed financial report, see Item 4a of the July 12, 2012 board packet.

4b. MEDICAID DIRECTOR'S UPDATE

Garth Splinter, State Medicaid Director

Dr. Splinter reviewed the Medicaid Director's Report and noted an increase in enrollees of 1,600 for a total of 797,000 for the month of May. There are 108,000 enrollees for the dual eligibles; the long term care nursing home members stayed approximately the same at 15,700 with an average cost of \$3,700 per month. He stated that the total providers are over 40,000 with the in-state providers totaling 29,600. The electronic health record program has leveled off and there have been 1,369 recipients for the payments for just under \$80 million dollars. That program will move into meaningful use where providers will have to prove that they use the electronic health records. For more detailed information, see Item 4b in the board packet.

ITEM 5 / ANNOUNCEMENTS OF CONFLICTS OF INTEREST PANEL RECOMMENDATIONS FOR ALL ACTION ITEMS

Howard Pallotta, General Counsel

Mr. Pallotta stated that there were no conflicts.

ITEM 6 / CONSIDERATION AND APPROVAL OF THE STATE FISCAL YEAR 2013 BUDGET WORK PROGRAM

Juarez McCann, Chief Budget Officer

Mr. McCann discussed in detail the fiscal year 2013 budget work program from a summary of expenditures. For more detailed information, see item 6 in the board packet.

ITEM 7 / Analysis of Supreme Court Decision in Department of Health and Human Services v. Florida

Howard Pallotta, General Counsel

Mr. Pallotta presented a PowerPoint and discussed in detail the analysis of the Supreme Court decision in Department of Health and Human Services v. Florida. For more detailed information, see item 7 in the board packet.

ITEM 8 / CONSIDERATION AND VOTE OF AGENCY RECOMMENDED RULEMAKING PURSUANT TO ARTICLE I OF THE ADMINISTRATIVE PROCEDURES ACT

Cindy Roberts, Deputy Chief Executive Officer

Consideration and vote to amend the following actions taken by the Board in May, 2012.

a) Regular Nursing Facilities

1. Consideration and Vote to Raise the Quality Of Care Fee authorized under 56 Oklahoma Statutes 2002 (B) from \$6.70 to \$9.79 per patient day effective ~~July 1~~ ~~September 1~~, **November 1**, 2012.
2. Consideration and vote to Raise the Base Rate for Regular Nursing Facilities from \$103.20 per patient, per day to \$ 106.29 per patient, per day effective ~~July 1~~ ~~September 1~~, 2012.
3. Consideration and Vote to Raise the pool amount of monies available for portions of the rate payment from \$102,318,569 to \$147,230,204 effective ~~July 1~~ ~~September 1~~, 2012.

b) Regular Intermediate Care Facilities for the Mentally Retarded

1. Consideration and Vote to Raise the Quality of Care Fee authorized under 56 Oklahoma Statutes § 2001 from \$6.16 to \$6.96 per patient day effective ~~July 4~~ ~~September~~ **November 1**, 2012.
2. Consideration and Vote to Raise the Base Rate for Intermediate Care Facilities for the Mentally Retarded from \$117.76 per patient, per day to \$120.03 per patient, per day effective ~~July 4~~ September 1, 2012.

c) Acute (16 Bed-or-Less) Intermediate Care Facilities for the Mentally Retarded

1. Consideration and Vote to Raise the Quality of Care Fee authorized under 56 Oklahoma Statutes section 2001 from \$7.94 to \$8.93 per patient day effective ~~July 4~~ ~~September~~ **November** 1, 2012.
2. Consideration and Vote to Raise the Base Rate for the Acute (16 Bed or Less) Intermediate Care Facilities for the Mentally Retarded from \$151.65 per patient per day to \$154.47 per patient, per day effective ~~July 4~~ September 1, 2012.

d) Rate for Nursing Facility Patients diagnosed with Acquired Immune Deficiency Syndrome

1. Consideration and Vote to Raise the rate for nursing facility patients diagnosed with Acquired Immune Deficiency Syndrome from \$182.22 per patient per day to \$192.50 per patient per day effective ~~July 4~~ September 1, 2012.

MOTION:

Vice-Chairman Armstrong moved for approval of Item 8.a-d as presented. Member Bryant seconded.

FOR THE MOTION:

Member Miller, Member McFall, Member Robison, Chairman Roggow, Member McVay

e) Rate for End Stage Renal Disease (ESRD) Payment

1. Consideration and Vote to approve a change in methodology for the payment of renal dialysis centers for End Stage Renal Disease (ESRD) from a composite rate method to a prospective payment system.

MOTION:

Member McFall moved for approval of Item 8.e as presented. Member McVay seconded.

FOR THE MOTION:

Member Bryant, Member Miller, Member Robison, Chairman Roggow, Vice-Chairman Armstrong

ITEM 9 / CONSIDERATION AND VOTE FOR AUTHORIZATION TO EXPEND FUNDS TO PROCURE AN INDEPENDENT VALIDATION AND VERIFICATION VENDOR

MOTION:

Member McFall moved for approval of Item 9 as presented. Member Robison seconded.

FOR THE MOTION:

Member Bryant, Member Miller, Member McVay
Chairman Roggow, Vice-Chairman Armstrong

ITEM 10 / PROPOSED EXECUTIVE SESSION AS RECOMMENDED BY THE DIRECTOR OF LEGAL SERVICES AND AUTHORIZED BY THE OPEN MEETINGS ACT, 25 OKLAHOMA STATUTES §307(B) (1), (4) AND (7)

Howard Pallotta, General Counsel

Director of Legal Services advised that there was a need for Executive Session for this Board meeting.

Discussion Item – Proposed Executive Session as Recommended by the Director of Legal Services and Authorized by the Open Meetings Act, 25 Oklahoma Statutes § 307(B) (1), (4) and (7)

- a) Discussion of Pending Litigation and Claims
- b) Evaluation of C.E.O by Board
- c) Discussion of Potential Claims

MOTION:

Member McFall moved for approval to go into Executive Session. Member McVay seconded.

FOR THE MOTION:

Member Bryant, Member Miller, Member Robison,
Chairman Roggow, Vice-Chairman Armstrong

ITEM 11 / ELECTION OF OKLAHOMA HEALTH CARE AUTHORITY 2013 BOARD OFFICERS

Vote to keep the OHCA Board Officers the same, with no change from 2012 being Lyle Roggow as Chairman and Anthony Armstrong and Vice-Chairman.

MOTION:

Member McFall moved for approval of Item 11.
Member Bryant seconded.

FOR THE MOTION:

Member Miller, Chairman Roggow, Vice-Chairman
Armstrong, Member McVay, Member Robison

ITEM 12 / NEW BUSINESS

Chairman Roggow reported that there was no new business.

ITEM 13 / ADJOURNMENT

MOTION:

Member McFall moved for adjournment. Member
McVay seconded.

FOR THE MOTION:

Member Miller, Chairman Roggow, Vice-Chairman
Armstrong, Member Bryant, Member Robison

Meeting adjourned at 4:07 p.m., 7/12/2012

NEXT BOARD MEETING
August 22-24, 2012
Hyatt Regency Tulsa
100 E Second St.
Tulsa, OK 74103

Lindsey Bateman
Board Secretary

Minutes Approved: _____

Initials: _____

DRAFT



FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

Submitted to the CEO & Board

August 22, 2012

- Revenues for OHCA through June, accounting for receivables, were **\$3,799,015,900** or **(.8%) under** budget.
- Expenditures for OHCA, accounting for encumbrances, were **\$3,499,964,053** or **2.2% under** budget.
- The state dollar budget variance through June is **\$46,877,248 positive**.
- The budget variance is primarily attributable to the following (in millions):

Expenditures:	
Medicaid Program Variance	15.3
Administration	10.8
Revenues:	
Tobacco Settlement Funds	4.8
Taxes and Fees	4.9
Drug Rebate	6.5
Overpayments/Settlements	4.6
Total FY 12 Variance	\$ 46.9

ATTACHMENTS

Summary of Revenue and Expenditures: OHCA	1
Medicaid Program Expenditures by Source of Funds	2
Other State Agencies Medicaid Payments	3
Fund 205: Supplemental Hospital Offset Payment Program Fund	4
Fund 230: Quality of Care Fund Summary	5
Fund 245: Health Employee and Economy Act Revolving Fund	6
Fund 250: Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund	7

OKLAHOMA HEALTH CARE AUTHORITY
SUMMARY OF REVENUES & EXPENDITURES:
Fund 205: Supplemental Hospital Offset Payment Program Fund
For the Fiscal Year Ended June 30, 2012

REVENUES		FY 12 Revenue
SHOPP Assessment Fee	\$	153,862,494
Fiscal Year 2013 SHOPP Assessment Fee		158,323
Federal Draws		218,703,217
Penalties		-
State Appropriations		(30,200,000)
TOTAL REVENUES	\$	342,524,034

EXPENDITURES	Quarter	Quarter		FY 12 Expenditures
	7/1/11 - 12/31/11	1/1/12 - 6/30/12		
Program Costs:				
Hospital	158,798,054	160,165,411	\$	318,963,466
Psychiatric Facilities	11,216,600	11,320,763		22,537,363
Rehabilitation Facilities	430,753	434,131		864,884
Total Program Costs	<u>170,445,407</u>	<u>171,920,305</u>	\$	342,365,712
Total Expenditures			\$	342,365,712

CASH BALANCE	\$	158,322
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SoonerCare Programs

June 2012 Data for August 2012 Board Meeting

SOONERCARE ENROLLMENT/EXPENDITURES

Delivery System	Monthly Enrollment Average SFY2011	Enrollment June 2012	Total Expenditures June 2012	Average Dollars Per Member Per Month June 2012
SoonerCare Choice Patient-Centered Medical Home	449,392	479,492	\$109,382,765	
<i>Lower Cost</i> (Children/ Parents; Other)		435,051	\$73,840,259	\$170
<i>Higher Cost</i> (Aged, Blind or Disabled; TEFRA; BCC)		44,440	\$35,542,506	\$800
SoonerCare Traditional	239,274	240,920	\$183,933,718	
<i>Lower Cost</i> (Children/ Parents; Other)		133,618	\$54,272,158	\$406
<i>Higher Cost</i> (Aged, Blind or Disabled; TEFRA; BCC & HCBS Waiver)		107,302	\$129,661,559	\$1,208
SoonerPlan	31,082	44,653	\$800,487	\$18
Insure Oklahoma	32,181	30,376	\$9,900,150	
<i>Employer-Sponsored Insurance</i>	19,095	16,865	\$5,017,549	\$298
<i>Individual Plan</i>	13,085	13,511	\$4,882,601	\$361
TOTAL	751,928	795,441	\$304,017,119	

The enrollment totals above include all members enrolled during the report month; therefore, some members may not have expenditure data. Custody expenditures are excluded. Non-member specific expenditures of \$101,143,018 are excluded.

Net Enrollee Count Change from Previous Month Total	(1,605)
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New Enrollees	18,776
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Opportunities for Living Life (OLL) (subset of data above)

Qualifying Group	Age Group	Enrollment
Aged/Blind/Disabled	Child	19,078
Aged/Blind/Disabled	Adult	131,313
Other	Child	177
Other	Adult	20,613
PACE	Adult	103
TEFRA	Child	431
Living Choice	Adult	92
OLL Enrollment		171,807

The "Other" category includes DDS/State, PKU, Q1, Q2, Refugee, SLMB, Soon-to-be-Sooner (STBS) and TB members.

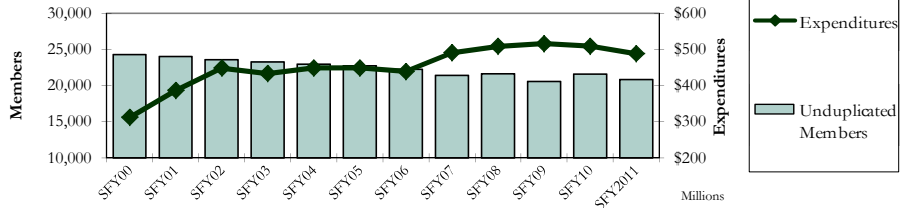
Medicare and SoonerCare	Monthly Average SFY2011	Enrolled June 2012
Dual Enrollees	103,906	108,253

	Monthly Average SFY2011	Enrolled June 2012
Long-Term Care Members	15,733	15,615
Child	92	76
Adult	15,641	15,539

PER MEMBER PER MONTH
\$3,183

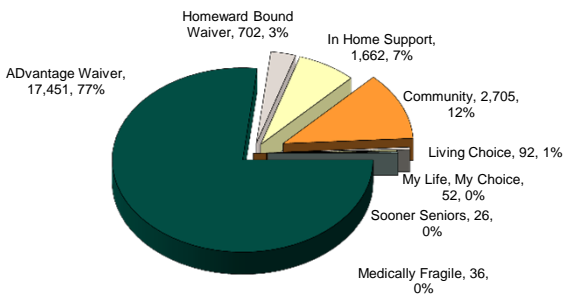
SFY2011 Long-Term Care
Statewide LTC Occupancy Rate - 71.0%
SoonerCare funded LTC Bed Days 68.2%
Data as of October 2011

Standard SoonerCare Nursing Facility - Unduplicated Members and Total Expenditure Trends



Data as of Aug. 8, 2011. Figures do not include intermediate care facilities for the intellectually disabled (ICF/ID).

Waiver Enrollment Breakdown Percent



- Advantage Waiver** - Serves frail elderly individuals age 65 or older and adults age 21 and older with physical disabilities who would otherwise require placement in a nursing facility.
- Community** - serves individuals 3 years of age and older who have intellectual disabilities and certain persons with related conditions who would otherwise require placement in an intermediate care facility for the intellectually disabled (ICF/ID).
- Homeward Bound Waiver** - Designed to serve the needs of individuals with intellectual disabilities or "related conditions" who are also members of the Plaintiff Class in Homeward Bound et al. v. The Hisson Memorial Center, et al, who would otherwise qualify for placement in an ICF/ID.
- In Home Support** - Serves the needs of individuals 3 years of age and older with intellectual disabilities who would otherwise require placement in an ICF/ID.
- Living Choice** - Promotes community living for people of all ages who have disabilities or long-term illnesses.
- Medically Fragile** - This program serves qualifying individuals who meet hospital or skilled nursing facility level of care.
- My Life, My Choice** - This program is for adults with physical disabilities who transitioned to the community under the Living Choice program.
- Sooner Seniors** - This program is for adults 65 and older with long term illnesses who transitioned to community-based services in the Living Choice program.

SoonerCare Programs

SOONERCARE CONTRACTED PROVIDER INFORMATION

Provider Counts	Monthly Average SFY2011	Enrolled June 2012
Total Providers	29,026	40,825
<i>In-State</i>	20,585	30,036
<i>Out-of-State</i>	8,442	10,789

Program	% of Capacity Used
SoonerCare Choice	38%
SoonerCare Choice I/T/U	14%
Insure Oklahoma IP	3%

Select Provider Type Counts	In-State		Totals	
	Monthly Average SFY2011*	Enrolled June 2012**	Monthly Average SFY2011	Enrolled June 2012
Physician	6,489	7,821	11,777	14,395
Pharmacy	901	886	1,230	1,181
Mental Health Provider***	935	4,843	982	4,905
Dentist	798	1,046	901	1,203
Hospital	187	198	739	1,020
Optometrist	N/A	556	534	592
Extended Care Facility	392	368	392	368

*The In-State Monthly Averages above were recalculated due to a change in the original methodology.

Total Primary Care Providers	4,461	4,893	6,467	6,857
Patient-Centered Medical Home	1,476	1,847	1,502	1,877

Including Physicians, Physician Assistants and Advance Nurse Practitioners.

**Items shaded above represent a 10% or more increase (green) or decrease (red) from the previous fiscal year's average.

***Due to federal regulations, OHCA must have an approved agreement on file for all providers providing care to our members. To meet this requirement OHCA is directly contracting with providers that had previously billed through a group or agency. This contributed to the increase in the provider counts for Mental Health Providers.

ELECTRONIC HEALTH RECORDS (EHR) INCENTIVE STATISTICS

The Electronic Health Records Incentive Program is a federal program that offers major financial support to assist certain providers to adopt (acquire and install), implement (train staff, deploy tools, exchange data), upgrade (expand functionality or interoperability) or meaningfully use certified EHR technology.

As Of 8/6/2012	July 2012		Since Inception	
	Number of Payments	Payment Amount	Total Number of Payments	Total Payment Amount
Eligible Professionals	27	\$433,500	1,311	\$28,038,667
Eligible Hospitals	5*	\$1,888,298	79	\$53,401,135
Totals	32	\$2,321,798	1,390	\$81,439,802

*Current Eligible Hospitals Paid
 ELKVIEW GEN HSP
 FAIRVIEW HSP
 STROUD REGIONAL MEDICAL CENTER
 THE PHYSICIANS HOSPITAL IN ANADARKO
 VALLEY VIEW REG HOSP

Submitted to the C.E.O. and Board on August 22, 2012
AUTHORITY FOR EXPENDITURE OF FUNDS
Customer Relationship Management (CRM) Services

BACKGROUND

Oklahoma Health Care Authority has contracts with Hewlett Packard Enterprise Services (HPES) for first tier provider and Insure Oklahoma call centers and with LifeCare for a first tier member call center. More complex calls are referred to OHCA second tier call centers by both vendors. Both contracts expire December 31, 2012.

Because of the potential for efficiencies and cost savings from an integrated call center, OHCA issued a Request for Proposals (RFP) for the services of a vendor to answer all first tier calls for all OHCA programs, providers and members. The RFP also requests assistance with expanding new technologies, such as Integrated Voice Response (IVR) for frequently asked questions and web-based self-service; and with creating a more comprehensive customer relationship management system. OHCA purchases its telephony platform and call center technology from HPES under the existing MMIS contract which continues through December 31, 2016.

SCOPE OF WORK

- Answer first tier inbound calls from current and potential SoonerCare members, providers, employers, and other customers and stakeholders
- Provide assistance with online enrollment workflow processing
- Make outbound calls to audit PCP availability after hours and others as requested by OHCA
- Use interactions with providers and members to keep demographic information updated
- Assist OHCA in expanding the use of other customer relationship management technologies including IVR, web, instant messaging, etc. where appropriate
- Provide additional agents short-term as needed for program changes or expansions

CONTRACT PERIOD

January 1, 2012 through June 30, 2017

CONTRACT AMOUNT AND PROCUREMENT METHOD

- Estimated at \$5-6 million per year with not more than \$3.5 million for SFY13
- Not-to-exceed \$32 million in total (state and federal dollars) for all years
- Procurement through competitive bid managed by OHCA with Office of State Finance (OSF) approval
- Federal matching percentage is 50%

RECOMMENDATION

- Board approval to expend funds for CRM services
- Board approval is subject to approval by OSF