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Policy Update

Oklahoma Draft Block Grant Waiver Application

Background

On March 16, 2020, Oklahoma Governor Kevin Stitt issued a draft Section 1115 waiver application to expand the state's Medicaid program (SoonerCare) and make other modifications. The draft waiver is the first to be proposed under recent Trump Administration guidance that would allow states to transfer their Medicaid program to a block grant.

The waiver builds on the state's authority under executive over 2018-05, signed by then-Governor Mary Fallin, and HB 2932, passed on May 8, 2018, which authorized the Oklahoma Health Care Authority (OHCA) to apply for waiver and state plan amendments that would allow the state to include work and community engagement requirements in SoonerCare.

Though it is the first to be proposed under the block grant guidance, the draft waiver includes few details regarding how the state will transition to a block grant. However, it does outline various modifications to Medicaid benefits for the proposed expansion population. The state is requesting approval for a five-year demonstration that would begin no sooner than July 1, 2021. The state is currently accepting public comments through April 15, 2020, before it submits the application to the Centers for Medicare and Medicaid Services (CMS) for approval.

The below summarizes key points of the waiver.

Eligibility

Through the draft waiver, Oklahoma proposes to cover all adults under the age of 65 who qualify for Medicaid on a basis other than disability and a need for long-term support, and who have incomes at or below 133% of the federal poverty level (FPL). These newly eligible adults would receive coverage through SoonerCare 2.0. Individuals who were previously eligible for Oklahoma Medicaid prior to expansion would not be affected and would remain in traditional SoonerCare.

Cost Sharing

Some beneficiaries in the expansion population would be required to make premium and copay payments in order to retain their coverage.

Premiums

SoonerCare 2.0 members would be required to make sliding scale flat rate premium payments. Individuals determined eligible for SoonerCare 2.0 would be charged a premium based on their household income and the number of individuals in the household participating in the program. Individual premiums must not exceed 2% of a household's income.

Oklahoma proposes to create three income tiers to determine household premiums:

- Tier 1: 0% FPL up to and including the Parent/Caretaker income standard
- Tier 2: >Parent/Caretaker income standard-100% FPL
- Tier 3: >100% FPL-133% FPL (+5% income disregard)

Table I. Parent/Caretaker Income Standard

Household Size	Monthly Income	Annual Income
1	$459	$5,508
2	$620	$7,440
3	$783	$9,396
4	$945	$11,349
5	$1,107	$13,284
6	$1,269	$15,228
7	$1,431	$17,172
8	$1,593	$19,116

Since premiums would also vary based on the number of people in the household, Oklahoma would also create two tiers in SoonerCare 2.0 to reflect family participation:

- Single: Only one adult in the household qualifies for and is enrolled in SoonerCare 2.0.
- Family: Two or more adults in the household qualify for and are enrolled in SoonerCare 2.0.

Table II. Monthly Premium Amounts by Tier and Household Composition

Household Size	Single	Family
Tier 1	$0	$0
Tier 2	$5	$7.50
Tier 3	$10	$15

Regardless of family size, beneficiaries in income Tier 1 would have no monthly premium obligations.

Individuals with a premium obligation would be required to pay their premium to initiate coverage. Upon initial enrollment, individuals with a premium obligation would have up to three months to complete the initial payment. If the individual does not complete the initial premium within three months, that individual would be considered ineligible for coverage and her application would be denied. Any individual denied coverage for lack of payment could re-apply for coverage at any time.

Once an eligible beneficiary completes the initial payment, he would be required to make monthly payments to retain his coverage. Individuals who do not pay the monthly premium would have a three-month grace period to complete unpaid premiums. If the individual does not catch up on premium payments within three months, she would be terminated from Medicaid coverage. The state would permit third parties, such as nonprofits and provider groups, to pay required premiums on behalf of a beneficiary.

For individuals who do not have a premium obligation, coverage would begin according to their application's approval date. Currently, the state of Oklahoma conducts real-time eligibility determinations.

Some SoonerCare 2.0 beneficiaries would be exempt from paying premiums regardless of income status. Beneficiaries exempt from premiums would include:

- Individuals with HIV/AIDs
- Individuals with a substance use disorder
- Individuals with a serious mental illness
- Individuals who are justice involved
- American Indians/Alaskan Natives
- Pregnant women.

If one beneficiary in the household is exempt from premium payments, the entire household would be considered exempt from premium payments.

OHCA will request the flexibility to adjust premium payments by up to 5% of a household's annual income. The state will also request the ability to temporarily pause or reduce premium payment policies across regional variations and population groups in response to unforeseen and acute challenges, such as natural disasters.

Copayments

SoonerCare 2.0 beneficiaries would be charged copayments in addition to their premium obligation, up to 5% of the out-of-pocket cost-sharing limit. SoonerCare 2.0 members would potentially be subject to a copayment of $8 for non-emergency use of the emergency department. OHCA plans to evaluate the impact of the $8 copay for non-emergency use of the emergency department on member behaviors, and will request the flexibility to adjust the copayment in later years based on the results of those evaluations.

Copayments would be collected at the point of service and would not affect individual eligibility and enrollment in SoonerCare 2.0. Providers would not be permitted to deny service based on a beneficiary's inability to pay the copay.

In order to ensure that beneficiaries do not incur cost sharing that exceeds 5% of their household income, the Medicaid Management Information System (MMIS) tracks cost-sharing expenditures incurred across household members and re-sets at the beginning of each month. Systematic tracking of cost sharing occurs in real time as claims are adjudicated in MMIS. MMIS is programmed not to deduct copayments from claims for Medicaid recipients and services that are exempt from cost sharing.

Individuals who are liable for premium payments up to 5% of their income would not be required to make additional cost-sharing payments.

Work Requirements

In order to remain eligible for SoonerCare 2.0 benefits, non-exempt members transitioning from other Medicaid coverage, or new applicants age 19 through 60, would be required to provide verification of participation in an average of at least 80 hours per month of approved community engagement (CE) activities. Beneficiaries would have a 90-day grace period from the time of SoonerCare 2.0 application or transition to verify compliance with CE requirements. Individuals who were released from incarceration within the six months prior to the application date would have a nine-month grace period to comply with reporting.

In order to meet conditions of CE activity requirements for SoonerCare 2.0 eligibility, beneficiaries must participate in at least one approved CE activity, or a combination of activities, for an average of 80 hours per month. Approved CE activities would include:

- Paid, in-kind and unpaid work
- Workforce Innovation and Opportunity Act programs
- Educational programs
- Volunteer work activities
- Compliance with work registration requirements under the federal-state unemployment compensation system.

OHCA would use a phased-in approach for transitioning Medicaid members and new applicants. For the first three months of eligibility, transitioning members and new applicants would be exempt from CE reporting requirements. After three months, the reporting requirements would increase on a monthly basis until the maximum reporting requirement of 80 hours per month is reached in the 13th month of eligibility.

SoonerCare 2.0 beneficiaries who are not in compliance with the CE reporting requirements would have their coverage terminated on the first day of the next month after they were determined to be out of compliance. Beneficiaries who lose coverage because of noncompliance with state CE reporting requirements could reapply for coverage if the following conditions are met:

- The member complies with CE activities for the required hours in a 30-day period.
- The member participates in and complies with the requirements of a program under section 2029 of title 7 USC 2015 or a comparable program established by a state or political subdivision of a state.
- The member meets an exemption status.
- The member becomes pregnant.

The following individuals would not be required to complete CE activities during any month:

- Adults over 60 years of age
- Individuals who are pregnant
- Individuals physically certified or mentally unfit for employment
- Caretakers responsible for the care of a dependent child under the age of six
- Caretakers personally responsible for the care of an incapacitated person
- Individuals complying with TANF or SNAP
- Individuals participating in a drug addiction or alcohol treatment and rehabilitation program
- Individuals diagnosed with a serious mental illness
- Students enrolled at least part time in any recognized school, training program or institution of higher education
- Individuals complying with a work registration requirement under Title IV of the Social Security Act
- Individuals with a disability
- Individuals enrolled in a federally recognized tribe.

Oklahoma would not consider a beneficiary to be noncompliant with CE requirements if the beneficiary demonstrates good cause for failing to meet the CE reporting requirements. The recognized good cause exemptions would include:

- The individual has a disability as defined by the Americans with Disability Act.

- The beneficiary experiences a birth or death of a family member who lives with the beneficiary.
- The beneficiary was displaced by a natural disaster.
- The beneficiary has a family emergency or life-changing event.
- The beneficiary is the primary caretaker of a child age six or older and was unable to meet the requirement because of childcare responsibilities.

Delivery System

As a part of SoonerCare 2.0, OHCA would implement a managed care structure for beneficiaries. OHCA would also seek flexibilities through SoonerCare 2.0 to implement new value-based payment methodologies for providers throughout the SoonerCare 2.0 provider network.

Capitation rates would be developed annually consistent with the requirements of 42 CFR part 438. An enhanced CMS Managed Care Capitation Rate Development Guide that establishes a specific outline for the rate certification and required tables to document assumptions and data used for the capitation rate development.

The state will meet all statutory requirements for managed care.

Benefits

Oklahoma would eliminate certain optional benefits for the expansion population, including non-emergency medical transportation, retroactive health coverage, Early and Periodic Screening, Diagnostic and Treatment services, and long-term care services. The state also proposes to eliminate the hospital presumptive eligibility process within SoonerCare 2.0.

All other benefits would be consistent with the current state Medicaid plan.

For more information contact Emma Zimmerman or Sam Dobbs.