Dear Provider,

Oklahoma’s budget and executive cabinet leadership has been meeting with state agency officials concerning the state fiscal year 2017 budget outlook. Leadership has advised that the budget outlook is grim. Agencies were requested to not submit any budget increases and to plan for potentially significant reductions.

This notice is to make you aware that the Oklahoma Health Care Authority (OHCA) may consider rate reductions for all SoonerCare providers as early as January 1, 2016. If reductions are inevitable, this will allow the cut to be smaller over the next 18 months rather than a deeper cut over a 12-month fiscal year.

More detail will be provided in November during the formal public notification process, and no final decision will be made before the OHCA board meets on December 10. Under these dire financial circumstances, it is important and prudent to advise you of this issue now.

We have been advised not to expect any additional state funds to offset medical inflation or to offset more people qualifying for the program. Compounding the state budget outlook, the federal matching dollars will also decrease next year by more than $36 million, and we are waiting to hear the final cost of the state’s responsibility for Medicare A&B premium cost increases. Once we have this information, we will be able to project a proposed rate cut for January 1, 2016.

Throughout the last two state fiscal years, we cut more than $280 million dollars (state and federal, combined) from our program and administrative budgets. In order to maintain federal funding for the program, the state is limited with regard to the budget areas that can be cut. Unfortunately, at this point, the majority of any budget reductions must be borne on the provider reimbursement fee schedule.

We will keep you posted as there are further developments affecting our budget, and will keep the lines of communication open.  Please know that we are incredibly grateful for the quality services you provide to our SoonerCare members.

Sincerely,

Nico Gomez   
Chief Executive Officer