Title 450. Department of Mental Health and Substance Abuse Services
Rule Impact Statement – Chapter 1 Revisions

A. Purpose of the proposed rule and legal authority.

The proposed revisions remove provisions allowing certification fee refunds for exemplary performance, update indigency eligibility requirements by lowering the Federal Poverty Level threshold from 200% to 138% and expanding the age criteria from 17 to 21 and add a definition of "encounter." Additional changes clarify existing language and remove redundant provisions to improve consistency with current requirements.

The legal authorities for the proposed rules are Board of Mental Health and Substance Abuse Services; 43A O.S., §§ 1-103, 3-306, 3-324, and 4-202 through 4-204.

B. Description of the proposed rule.

The proposed revisions remove language allowing ODMHSAS to refund certification fees to organizations based on exemplary performance or 100% compliance with all standards during the initial renewal site visit and review. The revisions also lower the Federal Poverty Level threshold for determining indigent status from 200% to 138% and expand the age criteria from individuals seventeen (17) years of age and younger to individuals twenty-one (21) years of age and younger to align with Medicaid age standards for children and youth. Additionally, the revisions would clarify existing language, remove redundant provisions, and add a definition of "encounter" to Chapter 1 to improve clarity, consistency, and administration of the rules.

C. Classification of the rule(s) and justification for classification.

Classification: ☐ Major ☒ Nonmajor

Justification: The proposed revisions are expected to be classified as nonmajor, with no additional implementation costs anticipated. Reducing the Federal Poverty Level threshold from 200% to 138% is estimated to result in approximately $4.8 million in annual cost savings based on SFY 2025 utilization data. Additionally, removing the provision allowing certification fee refunds for exemplary performance is estimated to result in $31,500 in annual cost savings based on SFY 2026 data. The remaining revisions clarify existing requirements, expand the age criteria, and remove redundant language, with no additional costs anticipated.

Total annual implementation and compliance costs: No additional annual implementation or compliance costs are anticipated as a result of the proposed revisions. The Department estimates approximately $4,831,500 in combined annual cost savings based on SFY 2025 and SFY 2026 data.

Methodology used to calculate costs: The estimated cost savings associated with reducing the Federal Poverty Level threshold from 200% to 138% were calculated using

SFY 2025 utilization data for individuals whose income fell between those thresholds, resulting in approximately $4.8 million in projected annual savings. Additional savings of $31,500 were estimated using SFY 2026 certification fee refund data to determine the amount that would no longer be refunded under the proposed revisions. Combined, these changes are estimated to result in approximately $4,831,500 in annual cost savings.

D. Description of affected classes of persons most likely to be impacted by the proposed rule.

The proposed revisions will primarily affect individuals seeking or receiving ODMHSAS funded services who may be impacted by changes to indigency eligibility requirements, including the revised Federal Poverty Level threshold and expanded age criteria. ODMHSAS-certified organizations that previously qualified for certification fee refunds based on exemplary performance or compliance with certification standards may also be affected.

E. Description of the classes of persons who will benefit from the proposed rule.

The proposed rules will impact individuals ages 18 through 21 as they may benefit from the expanded age criteria for indigency eligibility. ODMHSAS certified providers may also benefit from clearer administrative requirements, including the addition of a definition of "encounter" and the removal of redundant language. These changes are intended to improve clarity and consistency in the administration of services.

F. Comprehensive analysis of the rules' economic impact.

The proposed revisions are estimated to result in approximately $4,831,500 in annual cost savings to ODMHSAS. Reducing the Federal Poverty Level threshold from 200% to 138% is projected to generate approximately $4.8 million in annual savings based on SFY 2025 utilization data. Removing certification fee refunds for exemplary performance is estimated to generate an additional $31,500 in annual savings based on SFY 2026 data. Individuals whose income falls between 138% and 200% of the Federal Poverty Level may experience a financial impact due to changes in eligibility for indigent services, while certified organizations will no longer be eligible for certification fee refunds. The expanded age criteria may provide additional eligibility for individuals ages 18 through 21. No additional implementation costs are anticipated as a result of the remaining administrative revisions.

G. Probable costs and benefits to the ODMHSAS and other agencies.

The proposed revisions are expected to reduce expenditures for ODMHSAS by approximately $4.8 million annually, with an additional $31,500 in savings from eliminating certification fee refunds. No additional administrative or implementation costs

are anticipated for ODMHSAS, and no financial impact on other state agencies is expected.

H. Economic impact on political subdivisions and whether their cooperation is required.

The proposed revisions are not expected to result in additional costs or financial obligations for political subdivisions. No cooperation from political subdivisions is required to implement the proposed revisions.

I. Economic impact on small businesses.

The proposed revisions may have a financial impact on small businesses that are ODMHSAS certified providers, as organizations previously eligible for certification fee refunds would no longer receive them. No additional administrative or compliance costs are anticipated as a result of the remaining revisions.

J. Measures taken to minimize compliance and assessment of less costly, less intrusive, or nonregulatory alternatives.

The proposed revisions are intended to support the Department's ability to manage available funding while continuing to provide quality behavioral health services. Aligning the indigency threshold more closely with Medicaid eligibility standards is intended to improve consistency and reduce administrative complexity. The expanded age criteria will also allow additional individuals ages 18 through 21 to qualify for indigent services, helping to offset some of the impact of the revised income threshold. The remaining revisions clarify existing requirements without imposing additional administrative or compliance costs on businesses or local governments.

K. Effect of the rule on public health, safety, and the environment.

The proposed revisions are intended to support the continued delivery of quality behavioral health services through more effective management of available resources. Expanding the age criteria may improve access to services for individuals ages 18 through 21. However, reducing the Federal Poverty Level threshold may limit eligibility for some individuals, potentially affecting their access to services.

L. Determination of any detrimental effect on the public health, safety and environment if the proposed rule(s) is/are not implemented.

The ODMHSAS anticipates that if the proposed revisions are not implemented, the Department would continue operating under the existing indigency eligibility requirements and certification fee refund provisions, limiting opportunities to reduce expenditures and redirect available resources toward behavioral health services. The expanded age criteria would also not take effect, potentially limiting access to indigent services for individuals ages 18 through 21.

M. Summary of and preliminary comparison to existing or proposed federal regulations.

The proposed revisions seek to align the Department's indigency income threshold with the effective 138% Federal Poverty Level threshold used for Oklahoma's Medicaid expansion population, consistent with applicable federal Medicaid eligibility standards. The expanded age criteria are intended to provide greater consistency with Medicaid age-related eligibility provisions. The remaining revisions address state specific administrative requirements and are not directly required by federal regulations. No conflicts with applicable federal regulations are anticipated.

N. Analysis of alternative to adopting the proposed rule.

The primary alternative would be to maintain the existing indigency eligibility requirements, certification fee refund provisions, and administrative language. However, this would not achieve the anticipated cost savings, align the Department's indigency income threshold with Oklahoma's Medicaid expansion population, or provide the additional clarity and consistency sought through the proposed revisions. Maintaining the current requirements would also preserve existing eligibility for individuals who may be affected by the reduced income threshold.

O. Estimates of internal ODMHSAS employee time and other resources used to develop the proposed rule.

Between policy staff, program staff, and legal staff, the ODMHSAS has spent about 20 hours developing the proposed rule changes.

P. Date the rule impact statement was prepared and if modified, the date modified.

Prepared: August 14, 2026
Modified: November 2, 2026