

1 Annualizations (Impact of FMAP Changes)	
Title 19 Medicaid regular FMAP (66.47% to 65.86% eff. 10/1/26)	\$ 29,659,550
Title 21 CHIP enhanced FMAP (76.53% to 76.10% eff. 10/1/26)	\$ 1,214,242
2 Maintenance (Cost to Continue Program Changes)	
SFY26 funding deficit/unfunded growth	\$ 96,636,158
SFY27 traditional Medicaid growth/utilization increases (10.1%)	\$ 182,244,493
SFY27 Medicaid expansion growth/utilization increases (22.2%)	\$ 42,361,250
SFY27 SHOPP funding deficit	\$ 119,665,090
SFY27 premium tax offset	\$ (136,226,553)
Rural Health Transformation – utilization increase (2%)	\$ 40,532,106
3 One-Time Funding/ Replace FY26 Rate Preservation Funds	
Replacement of unfunded FMAP reduction in SFY26	\$ 26,041,449
SFY25 risk corridor payment	\$ 34,200,778
Est. cost to cover additional claim week in SFY27	\$ 23,986,641
4 Mandates	
Part D (clawback) premium increase for dual eligibles	\$ 10,300,188
Part A & B premium increase for dual eligibles	\$ 3,131,884
SFY27 NEMT rate increase	\$ 2,039,250
Work requirements for Medicaid expansion	\$ 5,190,712
MMIS reprocurement/MES modernization	\$ 4,145,000
Health Information Exchange (HIE)	\$ 5,124,803
Rural Health Transformation Program administrative cost	\$ 4,500,000

Request

\$ 495 million

Funded

\$ 250 million

Gap

\$ 245 million

RATE PRESERVATION FUND ACCESS — HB 4051

Amended sections of 63 Okla. Stat. § 5020A:

- A. ... All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Authority for the sole purpose of maintaining reimbursement rates to providers purposes described in subsection B of this section. ...
- B. The Oklahoma Health Care Authority is authorized to budget and expend monies from the Rate Preservation Fund as follows:
1. ~~For~~ Only as directed annually by enacted legislation directing the scope of such utilization, for maintaining reimbursement rates to providers in the event of a decrease in the state's Federal Medical Assistance Percentage rate; **and**

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million

Gap
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million

RURAL HEALTH TRANSFORMATION – UTILIZATION INCREASE (2%)

\$ 40M
requested amount

Request
\$ 495
million

Funded
\$ 250
million

Gap
\$ 245
million

RURAL HEALTH TRANSFORMATION – UTILIZATION INCREASE (2%)

\$ OM

budgeted amount

Request

\$ 495
million

Funded

\$ 250
million

Gap

\$ 245
million

RURAL HEALTH TRANSFORMATION – UTILIZATION INCREASE (2%)

\$ 0M

budgeted amount

Request

\$ 495
million

Funded

\$ 250
million

Gap

\$ 205
million

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Gap
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Request
\$ 495
million

Funded
\$ 250
million

Gap
\$ 220
million

ACTUARIAL ESTIMATES

2025 Growth (Projected vs. Actual)

State Fiscal Year	Projected Growth	Actual Growth
2025	4.2%	10.3%

Request
\$ 495
million

Funded
\$ 250
million

Gap
\$ 220
million

ACTUARIAL ESTIMATES

SFY27 traditional Medicaid growth/utilization increases (~~10.1%~~) **4.8%** ← updated estimates

SFY27 Medicaid expansion growth/utilization increases (~~22.2%~~) **11.1%**

Request
\$ 495
million

Funded
\$ 250
million

Gap **\$ 220**
million

ACTUARIAL ESTIMATES

SFY27 traditional Medicaid growth/utilization increases (~~10.1%~~) **4.8%** ← updated estimates

SFY27 Medicaid expansion growth/utilization increases (~~22.2%~~) **11.1%**

Request
\$ 495
million

Funded
\$ 250
million

Gap **\$ 119**
million

ADMINISTRATIVE SAVINGS

- Contract reviews and reductions
- Utilization management/quality reviews to ensure proper billing, particularly in high-growth areas
- Enhancing member fraud controls
- Elimination of OHCA employee annual bonus program
- Reduced FTE count

Request
\$ 495
million

Funded
\$ 250
million

Gap **\$ 119**
million

2 Maintenance (Cost to Continue Program Changes)

SFY26 funding deficit/unfunded growth			\$	96,636,158
SFY27 traditional Medicaid growth/utilization increases	(10.1%)	4.8%	\$	100 million
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Handwritten notes: "updated estimates" with arrows pointing to the 4.8% and 11.1% values; "updated estimate" pointing to the (121 million) value.

3 One-Time Funding/ Replace FY26 Rate Preservation Funds

Replacement of unfunded FMAP reduction in SFY26			\$	26,041,449
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Request
\$ 495 million

Funded
\$ 250 million

Gap \$ 119 million

CUTS AVOIDED: PROGRAMS AND PROVIDER RATES

Optometry	\$	3.2 M
Occ. Therapy	\$	2.1 M
S/H/L Therapy	\$	2.1 M
Physical Therapy	\$	1.4 M
Dentures	\$	1 M
Nutritional Services	\$	286,000
TB Related Services	\$	19,000
Ind. Practitioner: Physician Assistants	\$	8,000
Respiratory Care	\$	11,000

Dental Services	\$	17.9 M
Reduce RX to 5	\$	621,000
Reduce RX to 4 (add'l to 5)	\$	1.4 M
Reduce RX to 3 (add'l to 4)	\$	2.8 M
Clinic Services	\$	2.3 M
Podiatry	\$	624,000
Alt. Pain Mgmt.	\$	66,000
Eliminate 340B	\$	4.6 M

1 percentage point rate cut = **\$11.1M** decreased provider revenue from state and federal sources

2 Maintenance (Cost to Continue Program Changes)

SFY26 funding deficit/unfunded growth			\$	96,636,158
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Request
\$ 495
 million

Funded
\$ 250
 million

Gap
\$ 119
 million

SFY27 SHOPP FUNDING DEFICIT

\$ 119M
requested amount

SHOPP statutes: Senate Bill 1396 (2022)

Request
\$ 495
million

Funded
\$ 250
million

Gap
\$ 119
million

SFY27 SHOPP FUNDING DEFICIT

\$ 91M
updated estimate

SHOPP statutes: Senate Bill 1396 (2022)

Request
\$ 495
million

Funded
\$ 250
million

Gap
\$ 119
million

SFY27 SHOPP FUNDING DEFICIT

\$ 66M

remaining deficit
after SFY26 carryover applied

SHOPP statutes: Senate Bill 1396 (2022)

Request

\$ 495
million

Funded

\$ 250
million

Gap

\$ 119
million

SFY27 SHOPP FUNDING DEFICIT

\$ 66M

remaining deficit
after SFY26 carryover applied

SHOPP statutes: Senate Bill 1396 (2022)

Request

\$ 495
million

Funded

\$ 250
million

Gap

\$ 66
million

SFY27 SHOPP FUNDING DEFICIT

\$ 66M

remaining deficit
after SFY26 carryover applied

SHOPP statutes: Senate Bill 1396 (2022)

Request

\$ 495
million

Funded

\$ 250
million

Gap

\$ 66
million

2 Maintenance (Cost to Continue Program Changes)

SFY26 funding deficit/unfunded growth		updated estimates	\$ 96,636,158
SFY27 traditional Medicaid growth/utilization increases (10.1%)	4.8%	← updated estimates →	\$ 100 million
SFY27 Medicaid expansion growth/utilization increases (22.2%)	11.1%		\$ 23 million
SFY27 SHOPP funding deficit		updated estimate + carryover	\$ 66 million
SFY27 premium tax offset		updated estimate	\$ (121 million)
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Request
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million

Funded
\$ 250
million

Gap \$ 66
million

Kyle Hilbert
Speaker of the House



Lonnie Paxton
President Pro Tempore

June 23, 2026

Director Bullard and OHCA Board Members
Oklahoma Health Care Authority
4345 N Lincoln Blvd.
Oklahoma City, OK 73105

Director Bullard and Members of the Oklahoma Health Care Authority Board,

Today, Tuesday, June 23, 2026, the House and the Senate Appropriations teams were made aware that the Oklahoma Health Care Authority's FY-2027 budget would have a deficit of \$66 million, without utilizing one-time resources.

The teams also were made aware that within the FY-2026 budget, there is approximately \$70 million of unencumbered carry forward cash. It is our belief that the use of this cash would allow the Board to approve a balanced FY-2027 budget, without cuts made to hospitals, providers, or services.

The provisions of 63 O.S. §5020A provide sufficient liquidity for the agency should any cash-flow concerns arise. Additionally, we encourage the agency to work with each division director to come in under budget during FY-2027.

This deficit is a concern for the Legislature and is not taken lightly. The House and the Senate are committed to working with the OHCA and the Board on essential reforms to address the long-term funding challenges related to Medicaid in the 2027 Regular Session.

The House and the Senate will host an initial public Budget Performance Review with the OHCA within 90 days to review in more detail the issues at hand. Notice of this meeting will be published according to House and Senate rules.

Thank you for your service to Oklahoma.

Best Regards,

Handwritten signature of Kyle Hilbert in cursive script.

Kyle Hilbert
Speaker of the Oklahoma House of Representatives

Handwritten signature of Lonnie Paxton in cursive script.

Lonnie Paxton
President Pro Tempore Oklahoma State Senate

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SFY27 SHOPP FUNDING DEFICIT

there is approximately \$70 million of unencumbered carry forward cash.

\$ 66M

remaining deficit
after SFY26 carryover applied

SHOPP statutes: Senate Bill 1396 (2022)

Request
\$ 495
million

Funded
\$ 250
million

Gap
\$ 66
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Gap **\$ 0**
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