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**STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY**

**Agenda  
Rates & Standards Hearing  
June 28, 2012  
1:00 pm  
Ponca Conference Room**

Rate issues to be addressed:

- End Stage Renal Disease (ESRD) Payment Methodology Change

1. Is this a "Rate Change" or a "Method Change"?  
Method change
- 1b. Is this change an increase, decrease, or no impact?  
Increase.
2. Presentation of issue – Why is change being made?  
The Oklahoma Medicaid State Plan states that dialysis visits will be reimbursed at the provider's Medicare composite rate for dialysis services determined by Medicare. Effective January 2011, Medicare changed its reimbursement methodology from the composite rate to an ESRD prospective payment system (ESRD PPS). The Oklahoma Medicaid State Plan states that dialysis visits will be reimbursed at the provider's Medicare composite rate as determined by Medicare. However it is the agency's intent to alter its payment method to match the January 2011 change in Medicare method.
3. Current methodology and/or rate structure.  
Currently, the agency pays for dialysis services at the Medicare composite rate which is a payment for complete dialysis treatment, except for a physician's professional services, separately billable lab services, and separately billable drugs.
4. New methodology or rate.  
The new prospective payment system uses essentially the previous composite rate for services and then bundles lab and drugs into a single site specific payment. The ESRD PPS is a single payment to ESRD facilities that will cover all the resources used in furnishing an outpatient dialysis treatment; the supplies and equipment that administer dialysis, drugs, biological, lab tests, and training and support services. There will be very few separately billable services (only vaccines and blood and blood products are allowed by OHCA policy). Medicare is phasing in the change over four years but also allowing providers to immediately opt in fully if they chose to; OHCA is fully implementing July 1, 2012. Medicare is also making some adjustments to their rate that OHCA is not planning on implementing.
5. Budget estimate.  
The budget impact for state fiscal year 2013 is estimated to be approximately \$1,164,200 total dollars; \$419,462 state dollars. This represents increased payments to providers of approximately \$949,805 total dollars; \$342,214 state dollars as well as a loss of drug rebate revenue of approximately \$214,395 total dollars; \$77,247 state dollars.
6. Agency estimated impact on access to care.  
There is no expected impact to care. The majority of Oklahoma Medicaid ESRD claims are crossovers and the payment method for crossovers is unchanged. The new ESRD PPS payment method may result in a small increase in payments to service providers, thus no impact on access to care is expected.
7. Rate or Method change in the form of a motion.  
The agency requests the State Plan Amendment Rate Committee to approve a method change from the composite rate system to an ESRD PPS for all dialysis providers.
8. Effective date of change.  
July 1, 2012