

BILL SUMMARY
1st Session of the 54th Legislature

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| Bill No.: | HB 1552 |
| Version: | Subcommittee Recommendation |
| Request Number: | 7266 |
| Author: | Rep. McCullough |
| Date: | 2/27/2013 |
| Impact: | Unknown: see below |

Research Analysis

Not required.

Prepared By: Marcia Goff

Fiscal Analysis

The measure modifies the structure of the State's Medicaid program. The measure requires the Health Care Authority (OHCA) apply for waivers that facilitate and provide access to managed care plans for the state's Medicaid population. In such an environment the Medicaid population could choose to opt into traditional Medicaid or a third-party managed care plan.

Florida has implemented a similar structure, in that State the organization providing managed care plans, had a 5-10% administration cost. For Oklahoma, assuming a managed care administrative cost of 7.5%; and widespread participation in the managed care plan; the structure would result in approximately \$108 million in state share dollars attributable to the additional administration costs; however, the design of such plans are to increase savings by reducing utilization and improving health outcomes; which could offset increased costs in part, in whole or in excess resulting in net savings.

The net effect of the measure is unknown. Assuming static funding of the state's Medicaid program; increased administrative costs would have to be offset by reducing provider reimbursement rates; however, should excess savings result due to the implementation of managed care plans, positive rate impacts or savings to the State could occur.

Prepared By: John McPhetridge

Other Considerations

None.