

LOFT Report #24-807-01

Health Care Authority: Review of Funding Sources

With the original 2024 evaluation, LOFT examined the Oklahoma Health Care Authority, the State's federally designated Medicaid agency. LOFT reviewed all funding sources used and available for OHCA-administered programs, including the purpose and balance of the agency's revolving funds. LOFT also assessed the State's share of program costs and identified controls in place to guard against fraud, waste, and abuse in the State's Medicaid program.

LOFT found that Oklahoma's state share of Medicaid was one of the nation's lowest due to a simultaneous influx of various federal funds. In addition to federal funds, OHCA receives funding from nine other sources, the top two being legislative appropriations and drug rebates. Because the payment structure of managed care is a per-person cost, LOFT recommended the agency strengthen internal controls around eligibility determinations.



LOFT's 2024 Report Found:

1. The Oklahoma's State Share of Medicaid was One of Nation's Lowest Due to COVID Funds Coinciding with Medicaid Expansion Incentives
2. OHCA's Increased Fund Balances Covered Initial Medicaid Expansion but Now the State Must Shoulder the Long-Term Cost
3. As Medicaid Managed Care Begins, Accurate Member Eligibility Determinations are Critical



Key Legislation Since LOFT 2024 Report

HB2782 (2025) authorized OHCA to budget and expend funds from its Rate Preservation Fund to maintain reimbursement rates in the event of an FMAP decrease, or to transfer up to one-third of the balance of the fund to other funds to meet cash flow needs.

SB1136 (2025) ensures that just over \$100 million appropriated to OHCA by the General Appropriations bill is used for program growth and to replace funding no longer available due to a decrease in FMAP.

The goal of Impact Evaluations is to foster accountability by assessing the status of recommendations issued in the original evaluation report and any related agency actions to address identified challenges.



LOFT Recommendation to Agency	Status			Comments
	No Action	In Progress	Complete	
Collect data on either fund recoveries from improper payments or cost avoidance due to eligibility screening to determine an average Return on Investment for staff within the Member Audits Division. This information should be included with the Health Care Authority's annual budget to the Legislature.				The Medicaid Eligibility Quality Control (MEQC) unit is in the development stage for calculating cost avoidance measures. Finalization of the 2025 MEQC review is expected by June 2026. PERM review year 2025 did not identify any improper payments for Oklahoma. The investigative unit introduced a cost avoidance process in October 2024. To enhance accuracy and reduce reporting errors, an internal automated system was implemented on October 9, 2025.
Enable access to additional technological tools to enhance income eligibility verification, such as confirming whether a resident covered under Oklahoma's program has moved to another state and is now receiving Medicaid services under that program.				As of June 2025, the work number is an automated employment and income verification system operated by Equifax, utilizing Social Security numbers. It allows the state to quickly confirm an individual's employment status and earnings. Completed June 2025. An email will be sent to the member's email on file requesting they log in and update their mailing address.
Annually publish a report of the highest-cost drugs, purpose, and usage to identify the drugs the State should focus its cost containment strategies on.				OHCA currently completes an annual review of top drug spend. Those reviews are available on the OHCA website under DUR Board Meetings (available here). In an effort to contain drug spend, OHCA Pharmacy is performing an analysis of the annual rebate offers to determine the most cost-effective products for utilization. Expected Completion June 2026.

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