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May 7, 2013

Mr. Joel Nico Gomez  
Chief Executive Officer  
Oklahoma Health Care Authority  
2401 NW 23<sup>rd</sup> Street, Suite 1A  
Oklahoma City, OK 73107

Dear Mr. Gomez:

Thank you for your letter requesting an extension of the Insure Oklahoma program, which is set to expire on December 31, 2013, under the state's SoonerCare section 1115 demonstration (No. 11-W-00048/6). We share your interest in continuing coverage for the approximately 9,000 Oklahomans enrolled in this program, and are committed to working with you on approaches that work for Oklahoma.

As you know, beginning in 2014, the Affordable Care Act creates new coverage opportunities under Medicaid and in the individual and small group markets. The new law will mean that an extension of the Insure Oklahoma program without any changes is not possible. For example, the current demonstration includes enrollment caps and, as specified in recently released FAQs, enrollment caps will not be approved under 1115 demonstrations for the new adult group or a similar population. Our guidance can be found at [http://medicaid.gov/State-Resource-Center/FAQ-Medicaid-and-CHIP-Affordable-Care-Act-ACA-Implementation/Downloads/Affordable-Care-Act\\_-Newest-Version.pdf](http://medicaid.gov/State-Resource-Center/FAQ-Medicaid-and-CHIP-Affordable-Care-Act-ACA-Implementation/Downloads/Affordable-Care-Act_-Newest-Version.pdf).

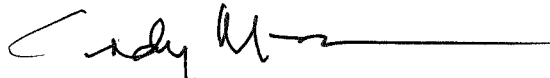
We welcome the opportunity to work with you on changes to the demonstration that might be workable for Oklahoma. Since Insure Oklahoma includes a premium assistance model, you might want to consider extending your model to insurance products available in the individual and small business insurance market. We have recently released information for states regarding options to use Medicaid "premium assistance" authority to purchase Medicaid coverage through Qualified Health Plans in the Marketplace. In addition to the statutory options available, we have also expressed an interest in working with a limited number of states on demonstrations testing this approach. Should the state be interested in exploring the use of premium assistance for the new adult group under the Medicaid expansion, given Oklahoma's history of using Medicaid premium assistance to provide coverage options to Oklahomans, we would welcome working with you on such a model, consistent with our guidance. Our guidance can be found at <http://www.medicare.gov/Federal-Policy-Guidance/Downloads/FAQ-03-29-13-Premium-Assistance.pdf>.

I also wanted to remind you of flexibilities regarding cost sharing requirements. States have flexibility to impose cost sharing subject to certain statutory limitations to protect beneficiaries. For those with income above 100 percent of the federal poverty level (FPL), cost sharing may be up to a percentage of the cost of the service, subject to an aggregate family cap. For the lowest income beneficiaries (those with incomes below 100 percent of the FPL), we have recently proposed new flexibility for states with respect to copayments by updating the nominal copayment amounts that may be charged. States also have flexibility to impose higher copayments for non-preferred prescription drugs and non-emergency use of the emergency room. More information can be found in our January 22, 2013 proposed rule at <http://www.gpo.gov/fdsys/pkg/FR-2013-01-22/pdf/2013-00659.pdf>.

I hope this information is helpful as Oklahoma considers future coverage options, and we look forward to continuing to work with you on potential options for continuing the Insure Oklahoma program beyond 2013. However, should the state decide to phase out the Insure Oklahoma program at the end of 2013, a phase out plan as provided for in paragraph 9 of your approved Special Terms and Conditions is due to CMS by July 1, 2013.

Thank you again, and we remain committed to providing additional support to work with you and your staff moving forward. If you have any questions regarding this letter, please contact Ms. Jennifer Ryan, Acting Director, Children and Adults Health Programs Group, Center for Medicaid & CHIP Services, at (410)786-5647.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy Mann", followed by a long horizontal line extending to the right.

Cindy Mann  
Director

cc: Jennifer Ryan, CMCS  
Bill Brooks, Associate Regional Administrator, Region VI  
Heather Hostetler, CMCS