

Oregon's Health System Transformation Legislative Update Report

Q2 2017



Published April 2018

Oregon
Health
Authority

About this report

Welcome to OHA's report to the Legislature on Oregon's Health System Transformation progress for Q2 2017.

This report provides key data updates on the Oregon Health Plan population and CCOs' progress toward the transformation of our health system.

For questions or comments about this report, or to request this publication in another format or language, please contact the Oregon Health Authority Director's Office at:

503-947-2340 or
OHA.DirectorsOffice@state.or.us

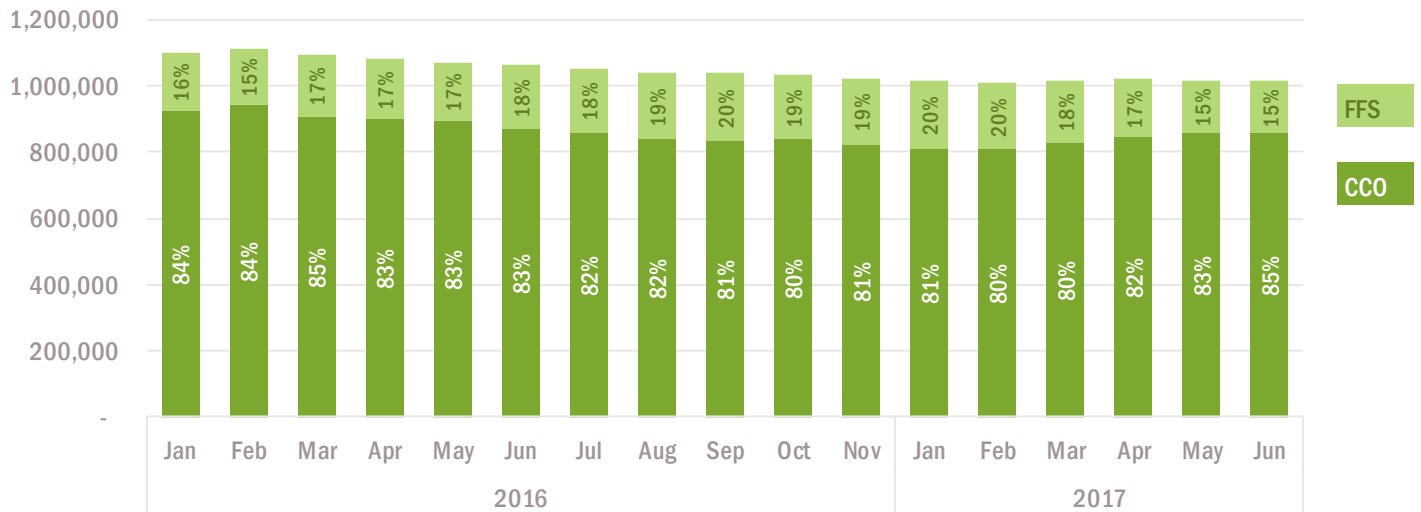
Table of Contents

Oregon Health Plan Demographics	3
CCO Quality Metrics	5
Finance	6
Member Satisfaction	11
Patient-Centered Primary Care Homes	12
Appendix A: Additional Transformation Reporting	13
Appendix B: CCO Profile	14

Cover image courtesy of United Way of the Lower Mainland. This image was not modified from its original format. License available online at: <https://creativecommons.org/licenses/by-nc/2.0/legalcode>

Oregon Health Plan Enrollment

Total OHP enrollment: Fee-for-service (FFS) and CCO.

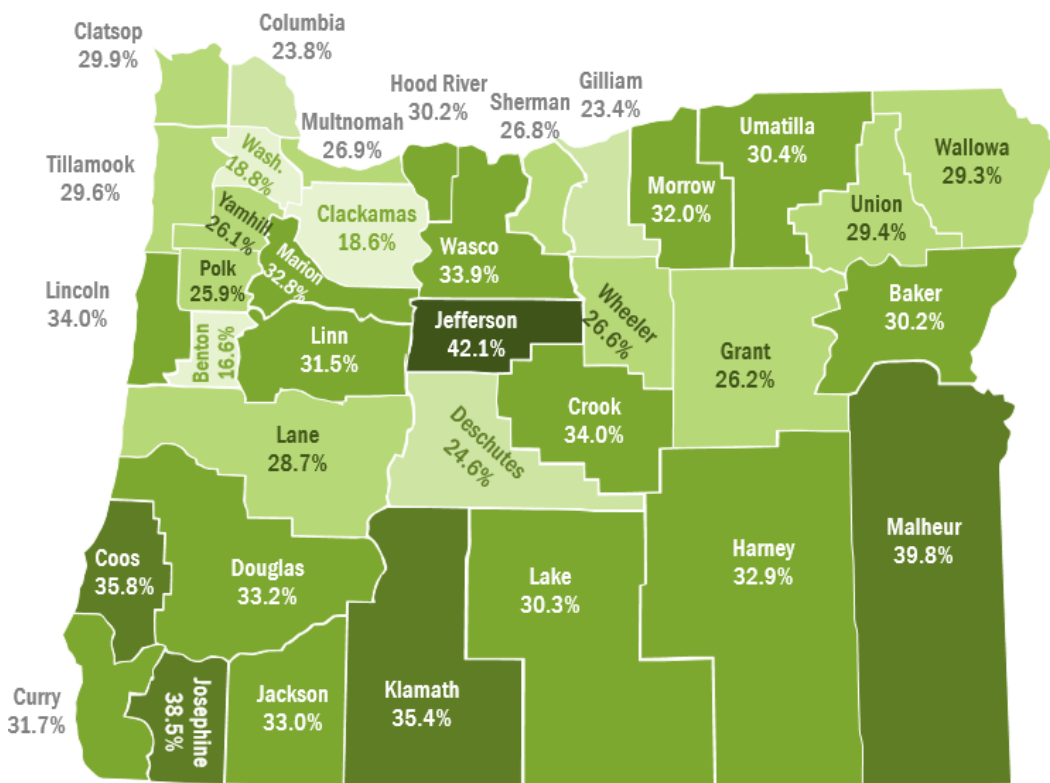


Percent of Oregon's population enrolled in OHP, by county. (Q2 2017)

Definitions:

Oregon Health Plan (OHP)
Oregonians who receive comprehensive Medicaid benefits. OHP covers services such as regular check-ups, prescriptions, mental health care, addiction treatment, and dental care.

Fee for service (FFS)
OHP members who are not enrolled in a CCO or other managed care organization.



Map legend

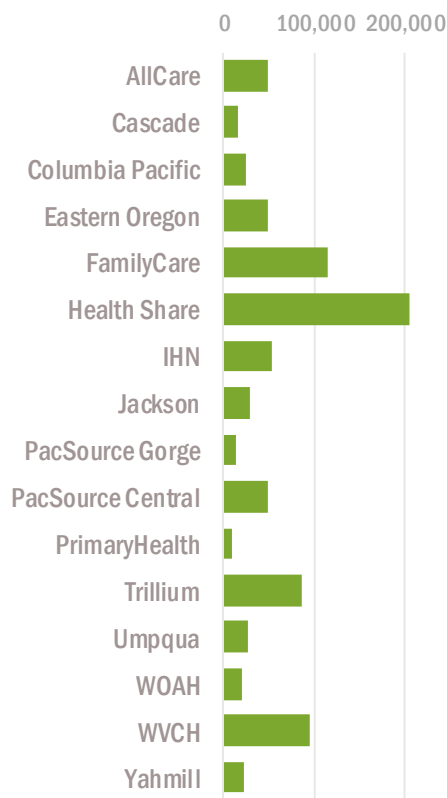
14-19%	30-34%
20-24%	35-39%
25-29%	40-44%

Oregon Health Plan Demographics

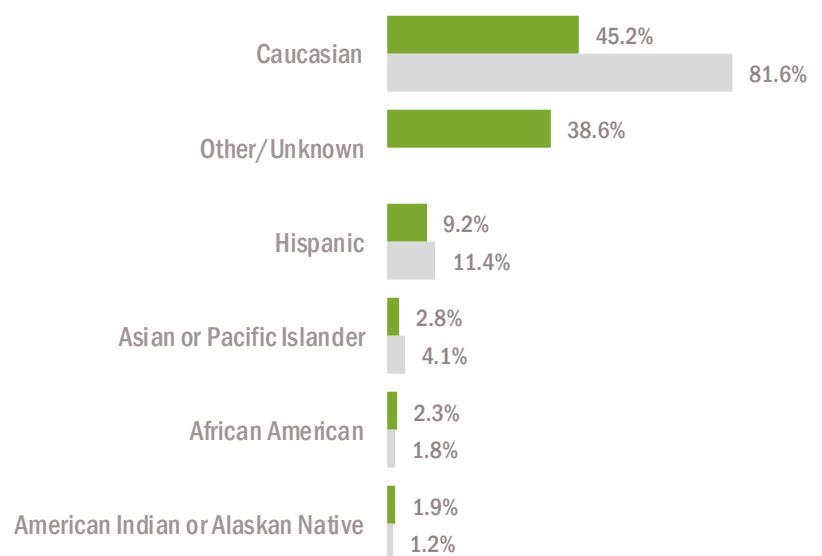
OHP and Oregon populations, by race and ethnicity

The racial and ethnic makeup of the Oregon Health Plan population differs from Oregonians overall, but has remained fairly consistent, even with the inclusion of new members following Medicaid expansion.

Enrollment by CCO. Q2 2017



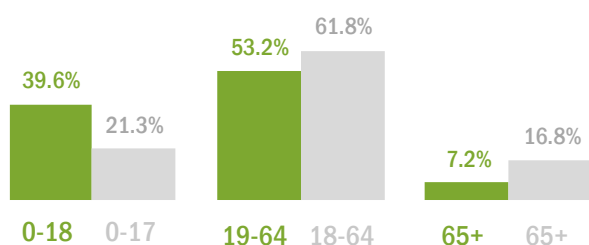
Race ethnicity make up of OHP members. Q2 2017. Grey bars represent Oregon overall population.



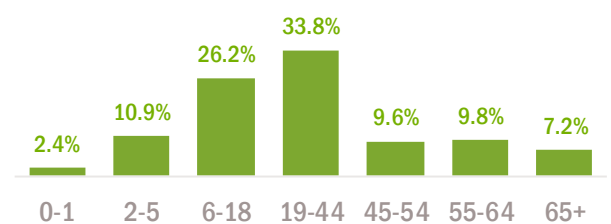
Each race category excludes Hispanic/Latino. For example, an individual who indicates they are both White (race) and Hispanic/Latino (ethnicity) is counted as Hispanic/Latino. An individual who indicates that they are Native American (race) and non-Hispanic (ethnicity) is counted as Native American.

Oregon Overall sources: Race/ethnicity data are from the 2010 US Census. Age data (below) are from the PSU Population Research Center, 2016.

The age distribution of OHP members differs from Oregon's overall population. Q2 2017. Grey bars represent Oregon overall population.



Detailed age distribution of OHP members. Q2 2017



CCO Performance Metrics

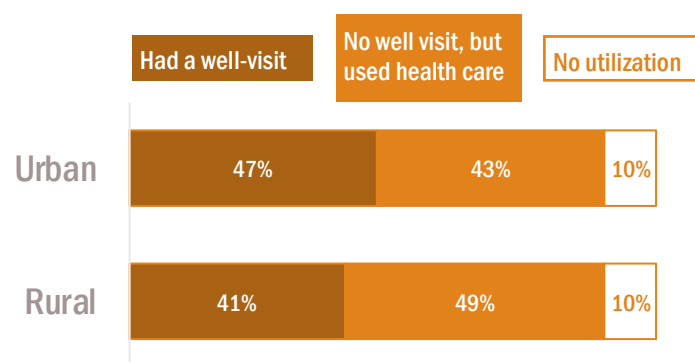
2017 is the fifth year of Oregon’s pay for performance program, under which the Oregon Health Authority (OHA) utilizes a “bonus quality pool” to reward coordinated care organizations (CCOs) for the quality of care provided to Medicaid members. This model increasingly rewards CCOs for outcomes, rather than utilization of services, and is one of several key health system transformation mechanisms for achieving Oregon’s vision for better health, better care, and lower costs.

Each year, OHA publishes a final report detailing calendar year performance and quality pool payouts. In addition, OHA releases a mid-year update report. This year, the Office of Health Analytics produced a “Deeper Dive” with expanded analysis of Q2 2017 data on a few measures to gain a better understanding of potential drivers of quality improvement: Adolescent well-care visits, effective contraceptive use, and emergency department utilization.

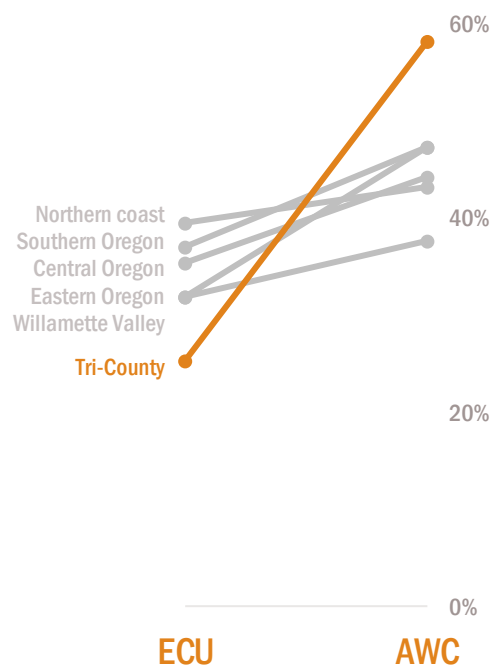
Analyzing the utilization patterns of various subgroups helps reveal patterns of quality performance not easily observed in the larger reported groups. These data may help CCOs and providers target strategies for quality improvement or other programs to help meet improvement targets.

<http://www.oregon.gov/oha/HPA/ANALYTICS-MTX/Documents/2017-mid-year-deeper-dive.pdf>.

Although well-visit rates are lower among adolescents living in rural areas, their overall health care utilization rates are the same as urban adolescents.



Effective contraceptive use (ECU) and adolescent well-care (AWC) visits by geographic region. (Ages 15-17, Q2 2017)



Top reasons for emergency department visits

Among members without mental illness diagnoses, **suicide and intentional self-injury** ranks #13 among reasons to visit the ED and makes up 3 percent of all ED visits.

Among members without mental illness diagnoses, **suicide and intentional self-injury** ranks #just #175 and makes up 0.1 percent of all ED visits.

Although having an adolescent well-visit is statistically correlated with meeting the effective contraceptive use measure at an individual level, this pattern does not hold true in the tri-county region.

Finance

The financial overview below provides highlights of operating performance on a comparative basis, including operating and total margins, and a description of the Member Services Ratio (MSR) and the Medical Loss Ratio (MLR). Details are also provided for CCO capitalization, focusing on net assets and liquidity. A critical factor for CCO success is the development of capitated rates paid for health services. OHA and Optumas, an outside actuarial firm, collaboratively work with the CCOs through the rates workgroup on the development of actuarially sound capitated rates.

Operating performance

OHA tracks two key metrics each quarter: the CCOs' operating margin and total margin (which includes the impact of non-operating income and expenses as well as income taxes). Operating margin is calculated by dividing operating income by total net operating revenue, resulting in a percentage.

On a statewide basis, CCO operating margins have been trending downward from their peak in 2014. Much of the increase in margins during 2014 was the result of cost and utilization assumptions used to develop the rates for the Medicaid expansion population. By 2015, OHA had adequate emerging experience (claims information) to begin to quantify the true underlying cost of the expansion population. The rates were appropriately aligned with this data and generally lowered to reflect the costs and risks of the CCOs' members.

For the first six months of 2017, statewide, CCO operating margin and total margin were 1.3% and 1.1%, respectively, as compared to 1.7% and 0.9% in 2016. Statewide operating and total margins for the first six months of 2017 and the calendar year 2016 are in line with the current rate development methodology.

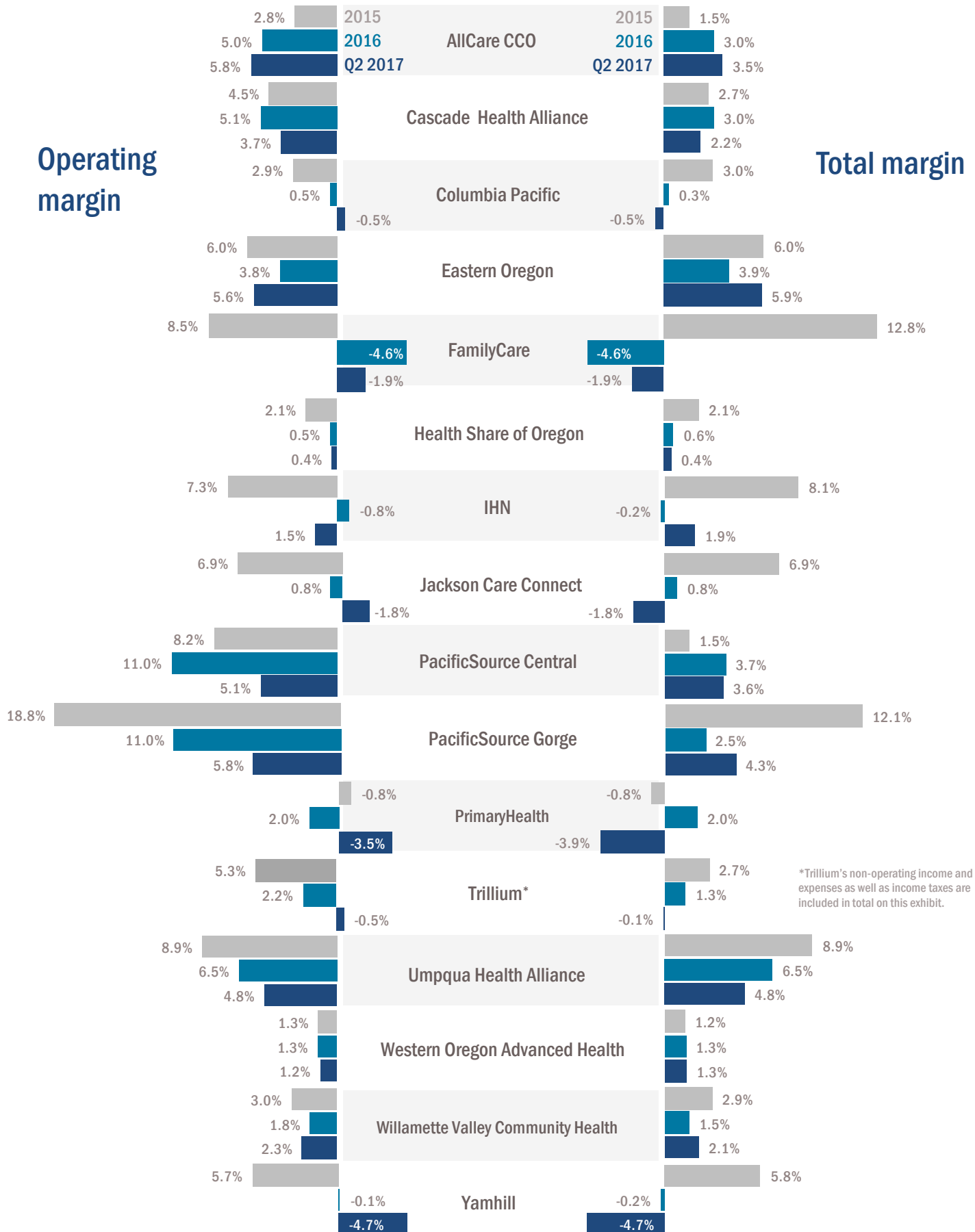
Below is a table that displays each CCO's operating margin and total margins:

	Operating margin			Total margin *		
	\$ millions			\$ millions		
	CY 2015	CY 2016	Q2 2017	CY 2015	CY 2016	Q2 2017
AllCare CCO, Inc.	\$ 6.3	\$ 11.4	\$6.8	\$ 3.4	\$ 6.8	\$4.2
Cascade Health Alliance	\$ 3.6	\$ 4.2	\$1.6	\$ 2.1	\$ 2.5	\$1.
Columbia Pacific	\$ 4.4	\$ 0.7	-\$.4	\$ 4.4	\$ 0.5	-\$.4
Eastern Oregon CCO	\$ 15.6	\$ 10.3	\$8.2	\$ 15.6	\$ 10.6	\$8.6
FamilyCare	\$ 46.4	\$ (23.0)	-\$4.5	\$ 69.4	\$ (23.0)	-\$4.5
Health Share of Oregon	\$ 22.5	\$ 5.6	\$2.1	\$ 22.6	\$ 6.0	\$2.4
Intercommunity Health Plans, Inc.	\$ 20.5	\$ (2.4)	\$2.3	\$ 22.8	\$ (0.6)	\$2.9
Jackson Care Connect	\$ 9.9	\$ 1.2	-\$1.1	\$ 9.9	\$ 1.1	-\$1.1
PacificSource Comm. Solutions - Central	\$ 22.2	\$ 28.6	\$6.4	\$ 4.1	\$ 9.5	\$4.5
PacificSource Comm. Solutions - Gorge	\$ 12.3	\$ 7.4	\$1.9	\$ 7.9	\$ 1.7	\$1.5
PrimaryHealth of Josephine County	\$ (0.4)	\$ 1.1	-\$.8	\$ (0.4)	\$ 1.1	-\$.9
Trillium Community Health Plan **	\$ 36.2	\$ 10.0	-\$1.2	\$ 22.4	\$ 6.1	-\$.1
Umpqua Health Alliance	\$ 10.8	\$ 8.3	\$3.2	\$ 10.8	\$ 8.3	\$3.2
Western Oregon Advanced Health	\$ 1.4	\$ 1.5	\$.7	\$ 1.4	\$ 1.4	\$.8
Willamette Valley Community Health	\$ 13.4	\$ 8.1	\$5.6	\$ 12.7	\$ 6.8	\$5.
Yamhill Community Care	\$ 6.1	\$ (0.1)	-\$2.7	\$ 6.2	\$ (0.2)	-\$2.7
Consolidated Total	\$ 231.2	\$ 72.9	\$28.2	\$ 215.3	\$ 38.6	\$24.3

* Total margin includes the impact of non-operating income and expenses as well as income taxes.

** Trillium's non-operating income and expenses as well as income taxes are included in total for 2015.

Finance: CCO operating and total margins



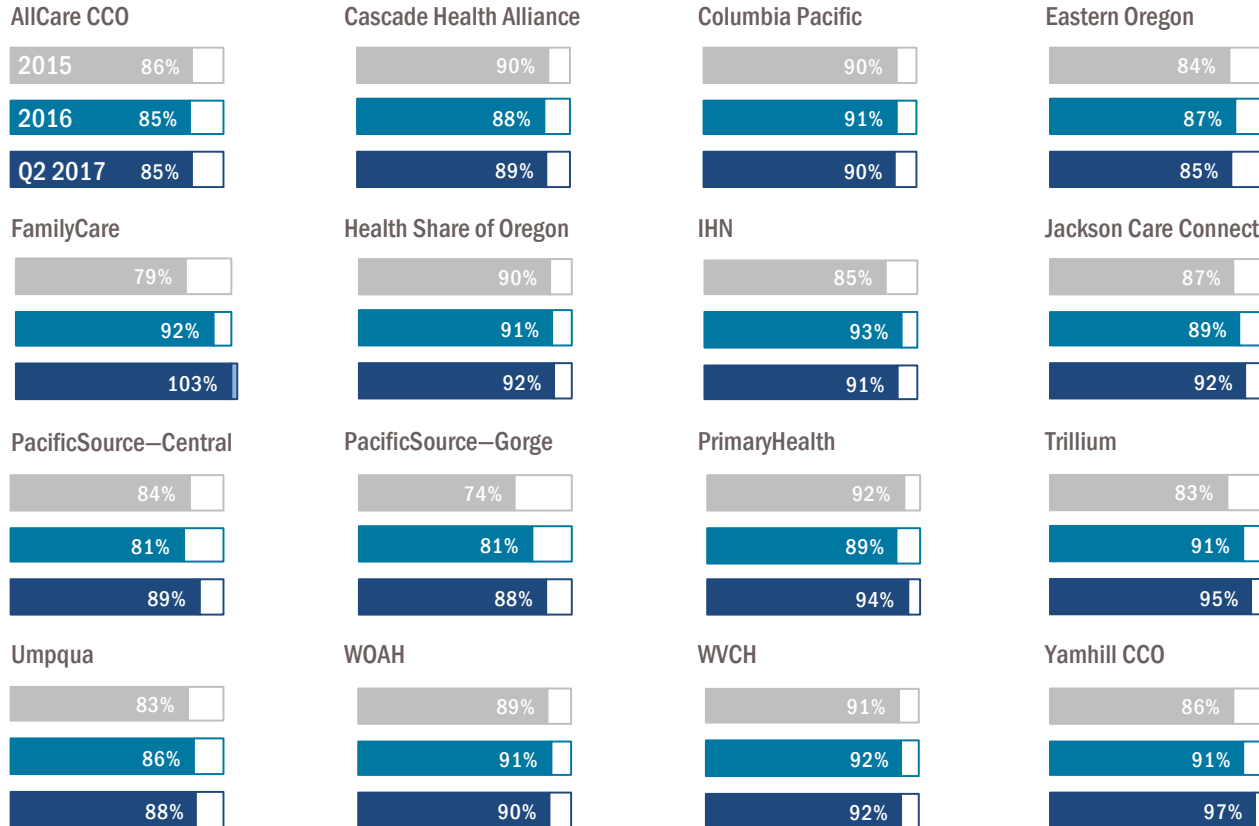
Finance

Member services ratio / medical loss ratio

CCO member services ratio (MSR) is a key financial metric that calculates the costs of services a CCO provided to its members (both medical and non-medical such as flexible services) as a percentage of total revenue. Member service expenditures are reported to OHA on the CCOs' financial statements, submitted on a quarterly basis. Closely correlated to the MSR is the medical loss ratio (MLR), which is a term used within the insurance industry and by the Centers for Medicare & Medicaid Services (CMS). The MLR is calculated using the MSR as the starting point and then allows certain defined administrative services to be included in the calculation, such as health care quality improvement expenses, and starting in 2017, fraud prevention expenses. Under new CMS Rules for Medicaid managed care organizations, all CCOs must meet a minimum MLR of 85 percent in 2018. Oregon first adopted a minimum MLR requirement in 2014 with Medicaid expansion and has developed a phased approach to achieve all of the CMS requirements for MLR in 2018.

OHA completed CCO MLR reporting requirement for the calendar year ending December 31, 2016 and for the 18-months period ending December 31, 2015. For the 18-month period ending December 31, 2015, five CCOs did not meet the required MLR threshold and as a result rebated back to OHA \$29.6 million. Since the MLR requirement was for the expansion population only (funded entirely by CMS) all rebates were returned to CMS.

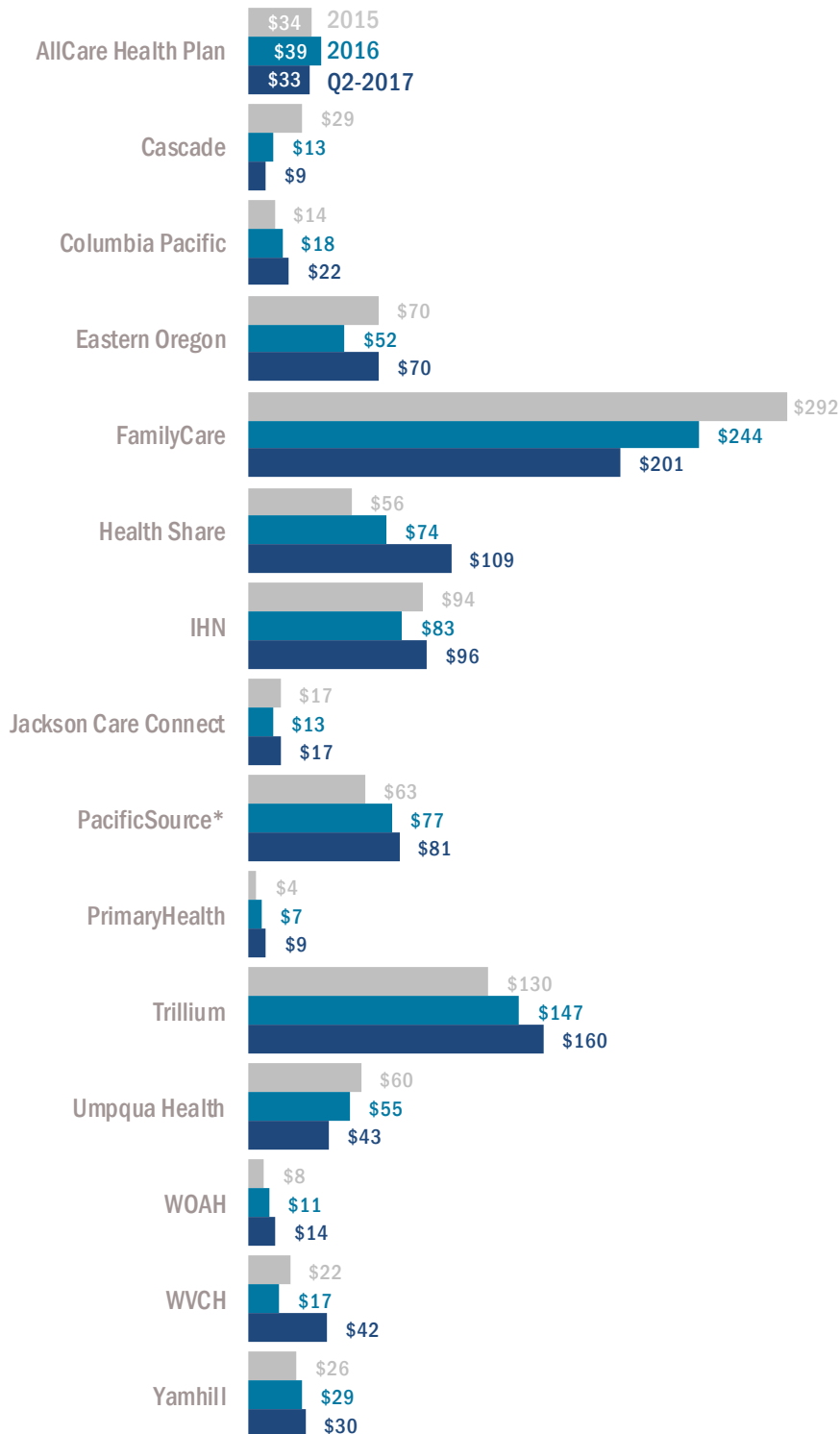
For the calendar year ending December 31, 2016, one CCO did not meet the required MLR threshold of 80% on the expansion population. A related rebate payable due to OHA of \$1.2 million is expected to be settled in 2018 and to be returned to CMS. The graphs below display each CCO's MSR for the first six months of 2017 and calendar years 2016 and 2015:



Data in this section are drawn from CCO financial statements which are reconciled with annual audited financial statements as prepared by an independent accounting firm. 2017 annual audited financial statements are due at the end June 2018. It is important to note that the financial statements follow generally accepted accounting principles, which could include accrued contingencies and reserves per each CCO's individual financial reporting and business model.

Finance

Cash and investments, 2014 - 2016 (\$ millions)



CCOs are paid monthly capitation payments, commonly referred to as per member per month (PMPM) payments, to manage and deliver health care for their membership. CCOs have flexibility in allocating the capitation revenues, determining how best to provide, purchase and coordinate their members care.

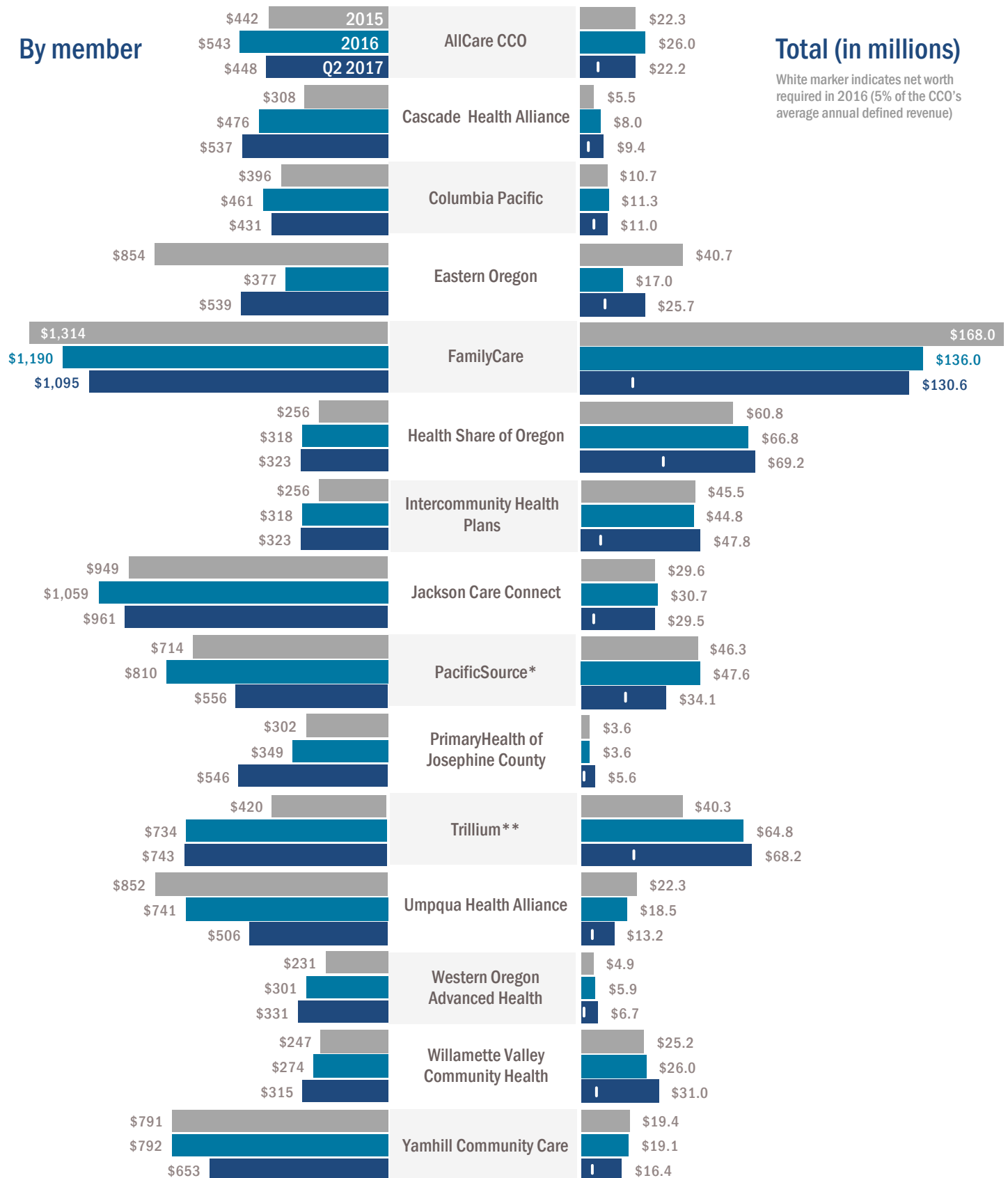
The increased membership resulting from expansion led to an increase in both the net asset and restricted reserve requirements. CCOs are currently required to maintain a net asset level of five percent of their average annual revenue (a rolling average of the past four quarters' adjusted revenue) as a minimum amount of operating capital. They are also required to maintain a restricted reserve account held in OHA's name as a safeguard against unanticipated losses.

See the graphs on the next page for CCOs' net assets in total compared to their required net assets. This is also reported by member, which allows for normalization between large and small CCOs.

The increase in CCO membership and the higher margins during 2014 also contributed to an increase in their cash and investments. The graph at left reflects each CCO's cash and investments at the end of each of June 2017, December 2016 and December 2015, respectively.

* PacificSource has two contracts, one for Columbia Gorge and one for Central Oregon. Only one corporate balance sheet is provided; financial data presented here are combined.

Finance: Net assets by CCO



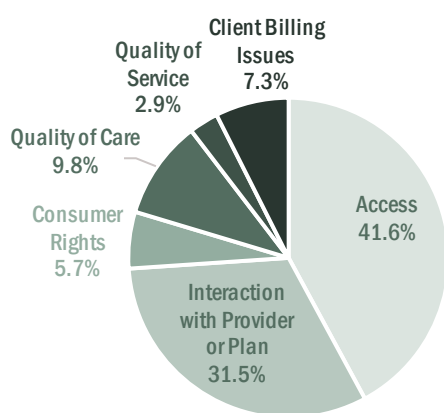
* PacificSource has two contracts, one for Columbia Gorge and one for Central Oregon. Only one corporate balance sheet is provided; financial data presented here are combined.
 **Trillium financial statements filed through Department of Consumer and Business Services with financial oversight based on NAIC oversight requirements.

Member Satisfaction

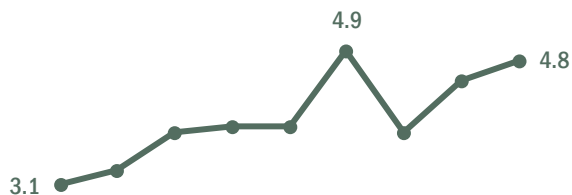
Complaint and Grievance Reporting

Oregon's 1115 Demonstration Waiver requires reporting on six categories of complaints and grievances: Access to Providers and Services, Interaction with Provider of Plan, Consumer Rights, Clinical Care, Quality of Services, and Client Billing Issues.

Most complaints during Q2 2017 were about access to care or interaction with provider.

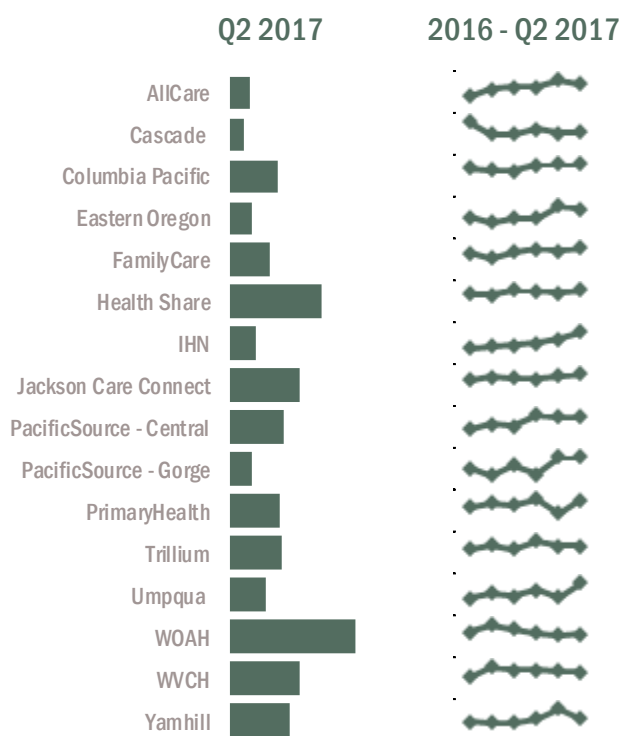


Complaints statewide per 1,000 members.



Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016						2017		

Complaints varied by CCO* (per 1,000 members, Q2 2017)



Complaint and grievance information is reported individually by each CCO; complaints and grievances received directly by OHA from Open Card OHP members are tracked separately by OHA. Appeals of coverage denials, or Notices of Action (NOAs) are also captured and reported separately from complaint and grievance information. Summaries of complaint, grievance, appeal trends and interventions are included in the [OHP Section 1115 Quarterly Report](#).

*CCOs define what constitutes a complaint or grievance and choose when and how to report complaints and grievances to the Authority. Because the definition of complaints or grievances is not standard across CCOs, comparison across CCOs should be made with caution.

Patient-Centered Primary Care Homes

The adoption of Patient-Centered Primary Care Homes (PCPCHs) is integral to transforming the health system, with their patient- and family-centered approach to all aspects of care, wellness, and prevention.

In January of 2017, the Patient-Centered Primary Care Home (PCPCH) Program launched 5 STAR recognition. The 5 STAR designation distinguishes clinics that have implemented truly transformative processes into their workflows using the PCPCH model framework and recommended best practices. As of June 2017, there were 34 5 STAR clinics in the state. These 5 STAR clinics include federally qualified health centers, school-based health centers, rural health centers, behavioral health clinics, pediatric clinics and other clinic types located in 17 different counties in Oregon.

Percent of CCO members enrolled in PCPCH each tier. Q2 2017

	Tier 1	Tier 2	Tier 3	Tier 4	5 STAR	Not enrolled in PCPCH
AllCare	0%	0%	20%	58%	7%	14%
Cascade	0%	0%	36%	64%	0%	1%
Columbia Pacific	0%	0%	26%	43%	25%	6%
Eastern Oregon	1%	1%	27%	48%	13%	9%
FamilyCare	0%	2%	14%	52%	15%	18%
Health Share	0%	2%	24%	67%	3%	4%
IHN	0%	0%	64%	15%	12%	8%
Jackson	0%	0%	28%	41%	15%	16%
PacificSource - Central	0%	0%	14%	84%	1%	0%
PacificSource - Gorge	0%	0%	35%	65%	0%	0%
PrimaryHealth	0%	0%	0%	44%	56%	1%
Trillium	0%	0%	20%	60%	5%	16%
Umpqua	0%	1%	66%	33%	0%	0%
WOAH	0%	0%	18%	71%	0%	11%
WVCH	0%	0%	21%	54%	23%	2%
Yamhill	0%	1%	11%	56%	18%	14%

Appendix A: Additional Transformation Reporting

This appendix summarizes OHA reports on health system transformation topics and provides links to full reports for additional information.

Oregon Health Plan Demographics

OHA publishes a suite of Oregon Health Plan demographic, enrollment, and eligibility reports every month: www.oregon.gov/OHA/HSD/OHP/Pages/Reports.aspx. Select by report type.

CCO Metrics

- Metrics and Scoring Committee: www.oregon.gov/oha/hpa/analytics/Pages/Metrics-Scoring-Committee.aspx
- Measure specifications and other information: www.oregon.gov/oha/HPA/ANALYTICS/Pages/CCO-Baseline-Data.aspx
- Metrics reports: www.oregon.gov/oha/Metrics/Pages/index.aspx

Finance

CCO annual audited financial statements and internal financial statements are available: www.oregon.gov/oha/FOD/Pages/CCO-Financial.aspx

Member Satisfaction

OHP member complaints and grievance data are reported quarterly; summaries of compliant, grievance, appeal trends and interventions are all included in OHA's quarterly waiver reports.

www.oregon.gov/oha/HPA/HP-Medicaid-1115-Waiver/Pages/2017-2022-Quarterly-Annual-Reports.aspx.

Select by report type "quarterly."

Patient-Centered Primary Care Homes

Additional reports including the PCPCH Program Annual Report, and evaluation results are available: www.oregon.gov/oha/pcpch/Pages/reports-and-evaluations.aspx

Appendix B: CCO Profile

Although all of Oregon's 16 CCOs are community based in terms of local governance, there is a wide variety of legal and corporate structures under which they exist. All of the CCOs generally fit into one of the following corporate structures:

- Taxable Publicly Traded Corporation
- Taxable Private Corporation
- Tax-exempt Charitable Organization - 501(c)(3)
- Tax-exempt Non-Charitable Organization - 501(c)(4)
- Limited Liability Corporation - LLC

The table below describes the corporate structure of each CCO:

CCO	Corporate Status	Parent /Owner
AllCare CCO	Private corporation single owner	AllCare Health, In. (multiple shareholders)
Cascade Health Alliance	LLC single owner	Cascade Comprehensive Care, Inc. (multiple shareholders)
Columbia Pacific	LLC single owner	CareOregon 501(c)(3)
Eastern Oregon CCO	LLC multiple owners	Owners include both for-profit and not-for-profit organizations
FamilyCare	501(c)(4)	
Health Share of Oregon	501(c)(3)	
Intercommunity Health Plans	501(c)(4)	Samaritan Health Services, Inc. 501(c)(3)
Jackson County CCO	LLC single owner	CareOregon 501(c)(3)
PacificSource Community Solutions -Central	Private corporation single owner	PacificSource (not-for-profit holding company)
PacificSource Community Solutions -Gorge	Private corporation single owner	PacificSource (not-for-profit holding company)
PrimaryHealth of Josephine County	LLC single owner	Grants Pass Management Services (multiple shareholders)
Trillium Community Health Plan	Publicly traded corporation	Agate Resources, Inc./Centene Corp. (publicly traded on NYSE)
Umpqua Health Alliance (DCIPA)	LLC single owner	Umpqua Health, LLC (two owners)
Western Oregon Advanced Health	LLC multiple owners	Owners include both for-profit and not-for-profit organizations
Willamette Valley Community Health	LLC multiple owners	Owners include both for-profit and not-for-profit organizations
Yamhill Community Care	501(c)(3)	

This page intentionally blank.



You can get this document in other languages, large print, braille or a format you prefer. Contact the Oregon Health Authority Director's Office at 503-947-2340 or OHA. DirectorsOffice@state.or.us.
