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# October Rates Workgroup

October 14, 2015



# Agenda

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- Introduction and Updates
- Financial and Budget Outlook
- 2016 Payment Rates and OHA's Percentile Choice
- Next Steps & Timeline

# Updates

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- 2015 Transaction Webinar Recap
- 2016 Payment Rates Package (sent today)
  - 2016 Payment Rates by CCO & Updated Regional Rate Range Exhibits
  - Updated Regional Base Data & Relational Modeling
  - Updated Regional Models (Includes BCCP Rate Range)
  - Dental and Rate Add-on's Summaries
- Sub-capitation Guidance Discussion in November

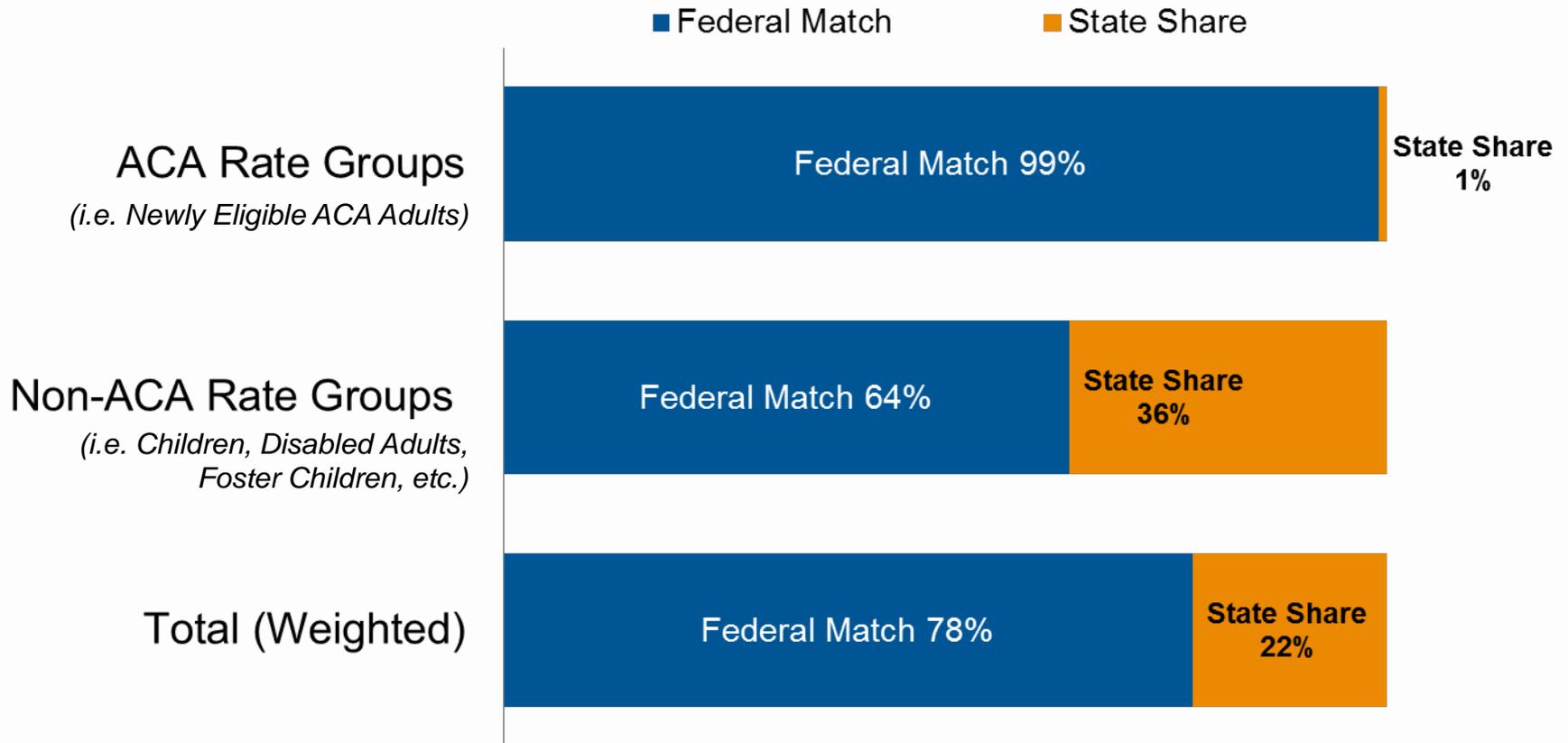
# FUNDING THE OREGON HEALTH PLAN

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KATE NASS & JEFF FRITSCHKE

# OHP Funding – 2015-17 Biennial Budget

*Total Federal Match has increased with expansion*



# Federal Waiver

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- Designated State Health Program (DSHP) provides federal Medicaid match for services/programs not traditionally funded by Medicaid, allowing more state funds to be reinvested in OHP
  - \$1.9 billion agreement over five years of waiver
- **Waiver Commitment:** Reduce the medical trend by 2 percentage points (aka the 2% test)
  - Total growth is capped at 3.4% per year; does not exclude program changes or add-ons
  - If target not met, DSHP funding is reduced

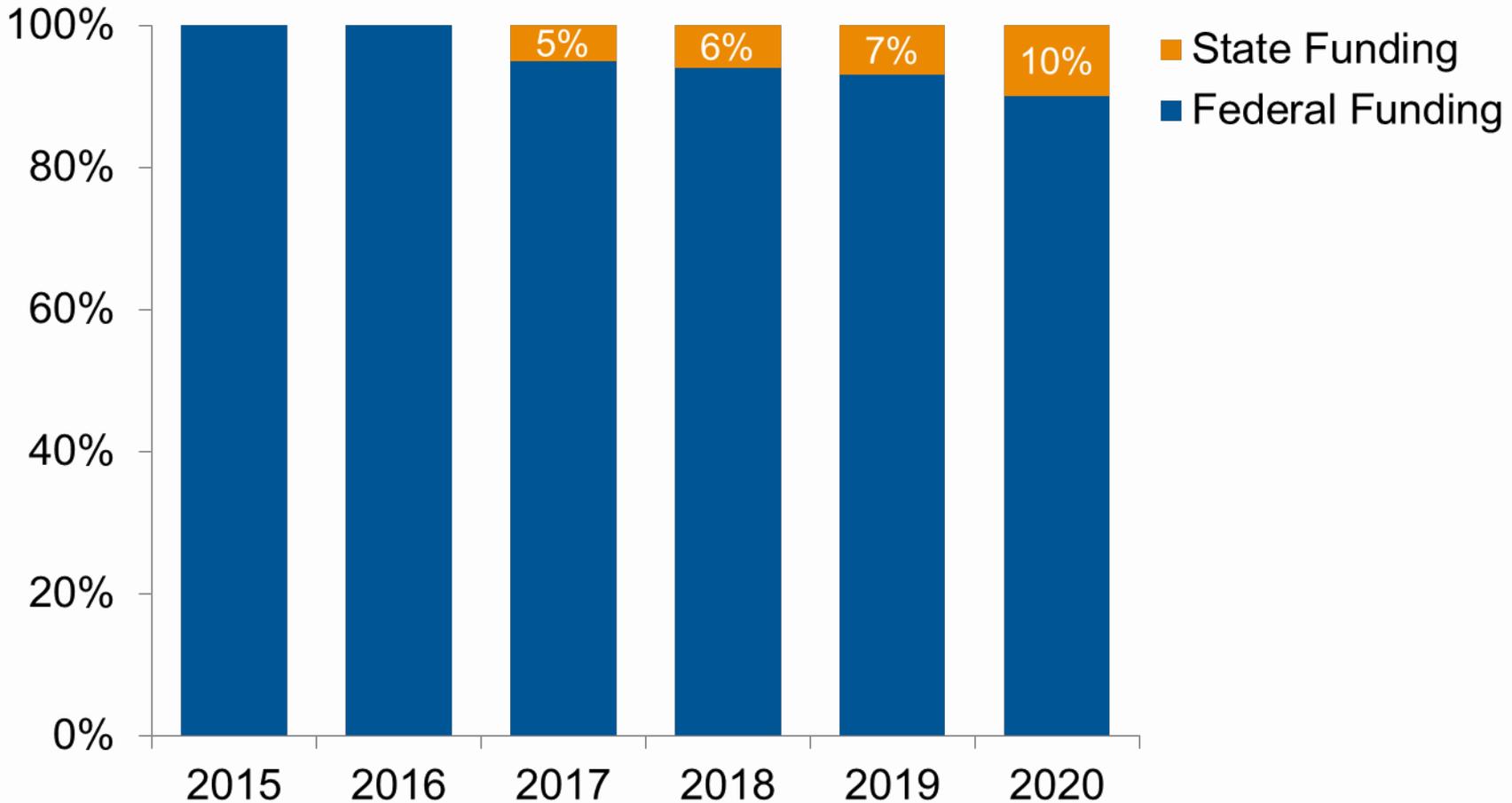
# Budget Constraints

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- Forecasted caseload increases by eligibility group
- Capped total per member growth rate at 3.4% per year
- State fund investment limited to same 3.4% growth rate over two year period
  - General Fund constrained to capped growth (additional investment in HERC changes not included)
  - Additional investment to restore dental services explicitly added in budget development
- Increase in Quality Incentive Pool included within the 3.4% per year growth rate
- Any increase above 3.4% per year growth in state funds will result in a budget challenge

# Oregon Health Plan Financing for ACA

## Future Budget Challenges from ACA Match



# Medical Assistance Program Financial Outlook

Developed the Six Year Projection Tool (millions)

	2015-17	2017-19	2019-21
Projected Costs	\$13,178	\$14,820	\$15,215
Projected Revenues	<u>\$13,178</u>	<u>\$12,898</u>	<u>\$10,134</u>
Total Funds Gap	-	\$1,922	\$5,081
State Funds Gap	-	\$497	\$1,682

## Potential levers to mitigate funding gap:

- Continue Health Transformation with limiting health costs (i.e. breakthrough therapy drugs) and improving health outcomes
- Caseload Integrity
- Additional General Fund Investment
- Designated State Health Programs Waiver – Extension or new ideas?
- Continuation of Hospital Assessment into 2019-2021

# 2016 PAYMENT RATES

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LYNNE SAXTON, LORI COYNER & ZACH ATERS

# 2016 Rates Methodology Overview

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- Develop Regional Base Data
  - Triangulate the base data and past experience of the population by region
  - Account for underreported encounters, and include appropriate other non-claims based expenditures
- Project the rate range into the contract period
  - Develop and apply trend, non-medical load, and rate add-ons
  - Include projected impacts of any program changes
- **Identify a percentile within the regional rate range that meets the budget constraints and waiver commitments**
- Apply a risk factor to the regional rates
  - Utilize the CDPS+Rx risk score tool to account for differences in population, along with adjusting for differences in hospital costs

# Program Changes for 2016

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- Applied Behavioral Analysis for Autism (ABA)
  - Included in 2016 rates for the entire contract period. Implementation date for all CCOs is July 1, 2016.
- Dental Program Changes (Crowns, etc.)
  - Not included in 2016 rates. This will be added in a future rate amendment.
- HERC Back Pain Changes
  - Not included in 2016 rates. This will be added in a future rate amendment.

# OHA's Percentile Methodology

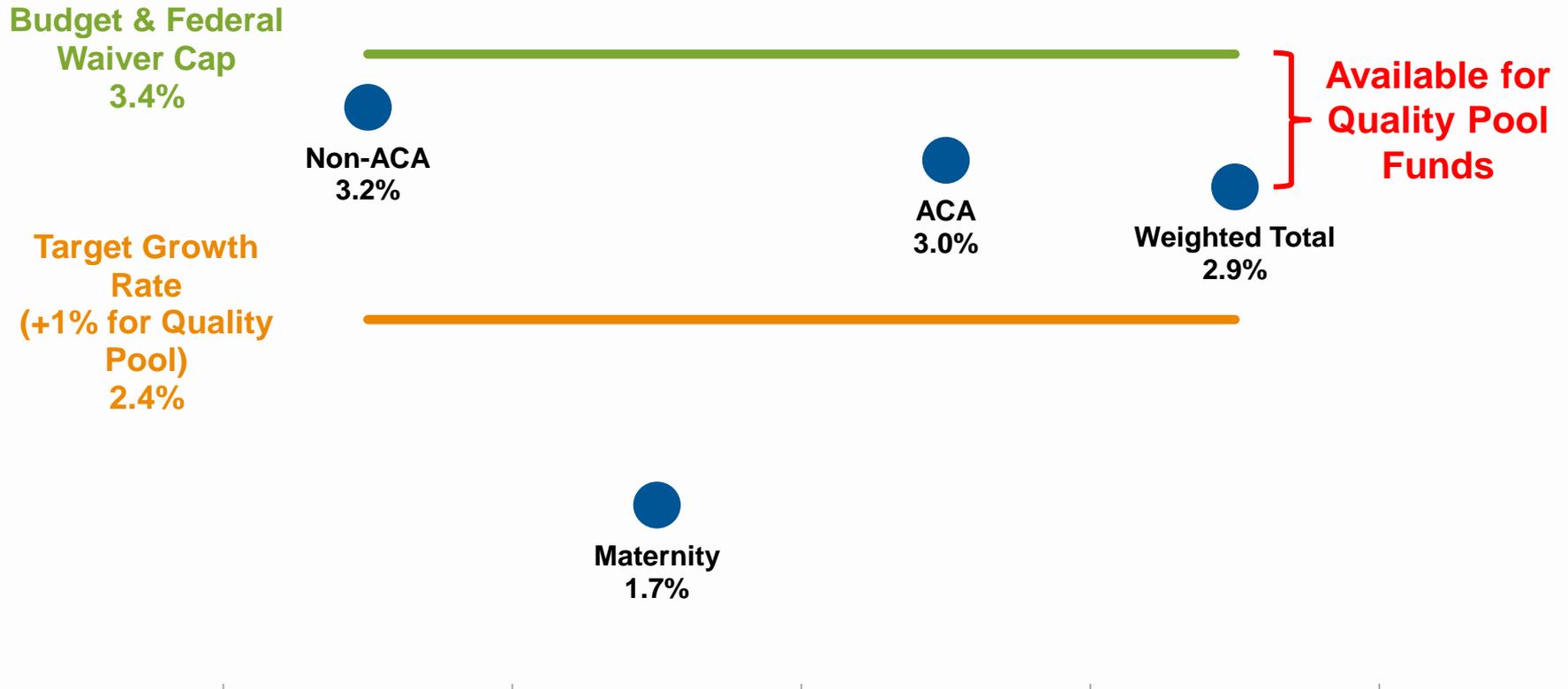
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- Group #1: Non-ACA, Risk Adjusted
  - **10<sup>th</sup> Percentile (5<sup>th</sup> Percentile for 1 region)**
- Group #2: Non-ACA, Non-risk Adjusted (including BCCP)
  - **25<sup>th</sup> Percentile**
- Group #3: ACA
  - **20<sup>th</sup> Percentile (10<sup>th</sup> Percentile for 1 region)**

**Note:** When regional rates were substantially over the sustainable rate of growth, the percentiles were reduced by half (two instances).

# Gross 2016 Statewide Change

Total weighted change from 2015 is 2.9%

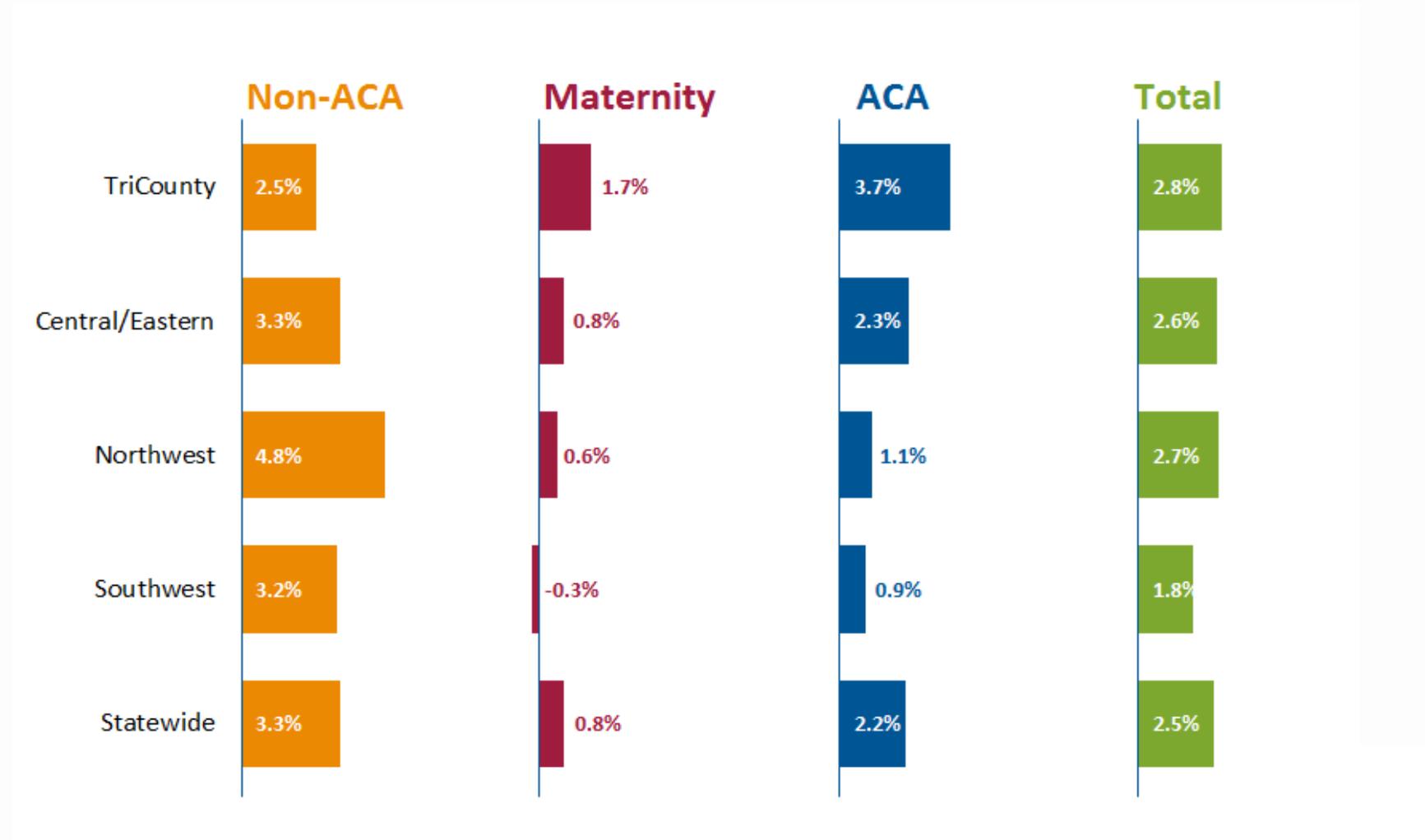


# Statewide 2016 Rates Results

Population	Rate Change from 2015 (Net Add-ons )	Rate Change from 2015 (Net ABA/HRA)	Rate Change from 2015 (Net HRA)	Gross Rate Change from 2015
Non-ACA	2.4%	2.6%	3.3%	3.2%
Maternity	0.8%	0.8%	0.8%	1.7%
Subtotal <i>Non-ACA &amp; Maternity</i>	2.3%	2.5%	3.1%	3.1%
ACA	2.0%	1.8%	2.2%	3.0%
SNRG/BCCP	26.7%	31.0%	31.5%	37.1%
<b>Total</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>2.9%</b>

# Regional 2016 Payment Rate Results

(Net of HRA)



# Total Regional 2016 Rate Results

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Region	Rate Change from 2015 (Net HRA)	Gross Rate Change from 2015
Southwest	1.8%	3.0%
Northwest	2.7%	2.3%
Central	2.6%	2.8%
Tri-County	2.8%	3.4%
Statewide	2.5%	2.9%

# 2016 Payment Rate Observations

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- **Waiver:** 2016 payment rates achieve the sustainable rate of growth and waiver commitment
- **Budget:** Statewide rates are a 2.9% increase, leaving minimal room in the budget for the quality pool increase in 2016
- **Concerns going into 2017:**
  - At the lower percentile, which is an early warning sign
  - Program changes being added without added dollars
  - Pharmacy trend and breakthrough therapies

# NEXT STEPS & TIMELINE

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LORI COYNER

# Timeline

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- **October 14:** 2016 Payment Rates Released
- **October 14-16:** Individual CCO meetings on 2016 Rates
- **November 1:** CCOs will receive their 2016 contract rate sheets

**Note:** 2016 Contracts are currently under CMS review. Our target is to provide CCOs with executable 2016 contracts by November 1, 2015.

# QUESTIONS?

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