



Office of the Director

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January 27, 2012

The Honorable Richard Devlin, Co-Chairperson
The Honorable Peter Buckley, Co-Chairperson
The Honorable Dennis Richardson, Co-Chairperson
Joint Committee on Ways and Means
900 Court St, NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Retroactive request to apply – Competitive Opportunity – Center for Medicare and Medicaid Innovation: Comprehensive Primary Care Initiative (OHA-OHPR-12-01)

Dear Co-Chairpersons:

NATURE OF THE REQUEST

The Oregon Health Authority (OHA), Division of Medicaid Assistance Programs (DMAP), requests retroactive permission to apply for the Center for Medicare and Medicaid Innovation's (CMMI) Comprehensive Primary Care Initiative (CPCI). The initiative is intended to promote primary care by providing additional Medicaid and Medicare funds to select primary care practices where multiple payers and providers have agreed to test a non-visit based primary care payment program. The request for applications was posted by CMMI on October 15, 2011, and OHA submitted a letter of interest to CMMI on November 15, 2011. OHA submitted its application on January 17, 2012.

The exact amount of federal funds available through this opportunity if Oregon is selected is unknown; however, OHA estimates that the funds would be approximately \$1 million. All funds would flow through OHA to primary care practices. The funding amount is dependent upon which primary care practices are selected in partnership with the federal government to participate, a process that will not be developed and implemented until after CMMI chooses the regions to be awarded the opportunity and starts to work with them. The opportunity is for a four year period.

No state general fund match is required. There is no maintenance of effort requirement.

AGENCY ACTION

The intent of CPCI is to bring multiple payers and practices together to test payment reforms which strengthen primary care services and which are not based on face-to-face visits. Through CPCI, five to seven markets nationally will be selected by the Center for Medicare and Medicaid Innovation (CMMI) to participate. In each selected market, 75 primary care practices will be chosen to participate for four years. Those practices will receive monthly payments for Medicare and Medicaid fee-for-service recipients for services or activities that will improve patient care. These payments are in addition to reimbursements the practices would be getting from other payers in the commercial market who have agreed to participate as well. The payments for Medicare and Medicaid fee-for-service (FFS) are entirely funded with CPCI federal funds. A key factor in which markets will be selected will be the number of payers who also agree to participate in non-visit based primary care payments with the practices.

OHA is already working on promoting high quality care and better outcomes in Medicaid through implementation and expansion of patient-centered primary care homes, a critical step in OHA's delivery system transformation efforts. The CPCI would support these efforts in Oregon by providing an additional funding opportunity for practices to improve primary care and achieve OHA's goals of moving away from a fee-for-service payment system. The initiative would provide an incentive for providers to participate in primary care homes, as well encourage payers to reform the way they pay for primary care. OHA has already committed to reimbursing providers that see Medicaid beneficiaries for becoming patient centered primary care homes. This opportunity provides a funding stream that will supply additional resources for that commitment.

Medicare: CPCI would provide additional Medicare funding in the form of monthly payments to selected primary care practices. The payment would be \$20 per beneficiary in years 1 and 2, and \$15 in years 3 and 4. In addition, participating primary care practices would be eligible for a Medicare bonus shared savings payment in years 2-4 of CPCI. These funds would most likely flow directly from CMMI to the primary care practices.

Medicaid: CPCI would also provide practices with a monthly payment for Medicaid fee-for-service ("open-card") recipients. Medicaid managed care plans would not receive additional funds under CPCI. The amount that CPCI would provide through Medicaid funding will vary by region. In its application, OHA proposed amounts of \$2, \$4, or \$6 per member per month depending on the Tier level of the patient-centered primary care home. These funds would be received by OHA as the state Medicaid agency, but all of the funds would flow through to the practices. OHA is roughly estimating that if Oregon were chosen,

approximately \$1 million a year could be received to support practices for Medicaid patients. It should be noted that this figure is just a rough estimate; the actual amount received would depend on the specific practices selected and their patient populations.

There is significant interest by payers in Oregon to participate in this initiative. One of the primary benefits is the additional Medicare funding which would be available for primary care practices. OHA would also use this opportunity to create partnerships with regional payers and primary care clinics who are motivated to provide high quality, patient-centered primary care to their patients. This is a significant opportunity to garner multi-payer, statewide support for Oregon's health system transformation efforts.

After applications to participate are received, CMMI will select 5-7 markets nationally based in part on the number payers who will participate with the practices (e.g. commercial insurers, Medicare Advantage plans, state Medicaid managed care plans, self-insured employers). Once a market is selected, CMMI will convene payers and providers, and will ultimately select 75 primary care practices to participate in each of the 5-7 markets.

This initiative requires no state matching funds and there is no federal requirement for maintenance of effort. No positions will be requested for participation in the CPCI; all funds received would be paid to participating practices.

OHA's mission is to help people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality, affordable health care. CPCI advances this vision by creating partnerships among regional payers to align incentives for providing better health care. This initiative represents an opportunity to promote high quality, coordinated care for patients by encouraging payers and providers to participate in patient-centered primary care homes at no cost to the state.

ACTION REQUESTED

The Oregon Health Authority (OHA) requests authority to accept federal funding from the Comprehensive Primary Care Initiative through the Center for Medicare and Medicaid Innovation if awarded.

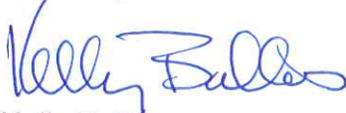
The Honorable Richard Devlin, Co-Chairperson
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LEGISLATION AFFECTED

None.

For additional information, please call Jeanene Smith at 503-869-4171

Sincerely,



Kelly Ballas
Chief Financial Officer

CC: Linda Ames, Legislative Fiscal Office
Kate Nass, Department of Administrative Services
Blake Johnson, Department of Administrative Services