

# COVID-19 CCO QUALITY FUNDS RELEASE

## INTRODUCTION

The COVID-19 pandemic has created a new reality for many Americans as it relates to work, school, and recreation. The health care system is preparing for a surge in cases that has happened in other parts of the world; however, the model's predictions are being adjusted daily to account for the necessary and extreme social distancing measures required by the Governor. These measures are an attempt to slow the spread of the virus so that the health care system has capacity to provide needed care.

In response to the emergency, the Oregon Health Authority (OHA) evaluated sources of funding that could be released quickly to support the needs across Oregon to prepare for the surge in patients needing care, maintain capacity, and ensure access to care across the delivery system. Areas of need include, but are not limited to, hospital access (urban and rural), operation of residential facilities, expanded telehealth services, and laboratory and diagnostic testing, as well as support for local public health agencies, primary care providers, transportation services and social service agencies.

OHA took swift action to infuse money in the system through the Coordinated Care Organization (CCO) Quality Incentive Program to support these areas of need. Actions include:

- Early release of 60% the 2019 Quality Pool Fund (\$ 98 million)
- Suspension of the 2020 Quality Withhold during the emergency (initially ~\$17 million/month, starting April)

OHA recognizes that these quality funds are typically directed towards providers; however, this early infusion of cash may temporarily free up resources to address other critical areas of need that are later financed through other vehicles due to this emergency. As needs related to the COVID-19 pandemic evolve, OHA will continue to evaluate the financial needs of the system considering enacted federal funding bills, and in coordination with the Oregon legislature and Governor's Office.

## EARLY RELEASE OF 2019 QUALITY POOL FUNDS

Each year, OHA reserves a portion of the CCO's global budget to be subject to quality metrics evaluation. Since 2012, the CCO Quality Incentive Program ("quality pool") has never paid out less than 60% of the maximum available portion to any one CCO in a given year. In 2019, the maximum available amount is 3.5% of capitation plus maternity case rates. OHA is confident that paying out this early release does not jeopardize the evaluation of quality metrics that occurred during calendar year 2019 and infuses cash into the system during a time of great need. The normal metrics evaluation will continue in April, and the final payment of the remaining 2019 quality pool will be distributed in June 2020 based on each CCO's individual performance in 2019, offset by funds already received in March.

The key decisions related to this early release are as follows:

- All CCOs will receive 60% of their allowable 2019 quality pool funds by March 31, 2020.

- For 2019 quality pool, all CCOs are eligible to receive a maximum of 3.5%; the variable maximum percentage based on rate of growth that was previously discussed will **not** be in place for 2019.
- The remaining 40% of the 2019 quality pool funds will be paid out in June 2020 based on the regular 2019 calculation, less quality pool funds already received in March.

The following summarizes the amount of money distributed to CCOs, including the amount designated for the managed care tax liability for receiving this revenue:

Plan Name	Early Release payment (60% of the 2019 Quality Pool*)	Quality Pool portion	MCO Tax portion
Advanced Health	2,467,110	2,417,768	49,342
AllCare Health Plan	5,130,021	5,027,420	102,600
Cascade Health Alliance	2,158,805	2,115,629	43,176
Columbia Pacific	3,359,730	3,292,536	67,195
Eastern Oregon	6,271,365	6,145,938	125,427
Health Share of Oregon	35,210,323	34,506,116	704,206
Intercommunity Health Network	6,545,549	6,414,638	130,911
Jackson Care Connect	3,308,094	3,241,932	66,162
PacificSource – Central Oregon	5,938,535	5,819,764	118,771
PacificSource – Columbia Gorge	1,349,245	1,322,260	26,985
Primary Health of Josephine County	1,091,029	1,069,208	21,821
Trillium Community Health Plan	10,732,163	10,517,520	214,643
Umpqua Health Alliance	3,006,890	2,946,752	60,138
Willamette Valley Community Health	10,573,756	10,362,281	211,475
Yamhill Community Care	2,886,386	2,828,658	57,728
<b>Grand Total</b>	<b>100,029,001</b>	<b>98,028,421</b>	<b>2,000,580</b>

*\* Final payout in June may change slightly based on updated membership*

## SUSPENDING THE 2020 QUALITY WITHHOLD

Under the 2020 CCO contract, OHA withholds 4.25% of a CCO's monthly 2020 capitation revenue for the quality pool and metrics evaluation after the close of the year. Similar to the 2019 quality pool, these funds are scheduled to be paid out in June 2021. However, due to the health care disruption occurring during the COVID-19 pandemic, OHA has decided to suspend the withhold starting April 2020 during the emergency. OHA may reinstate the withhold later in the year if the emergency has passed.

This decision will result in an increased cash flow to CCOs of approximately \$17 million/month, starting in April. Cash flow amounts may change in future months. OHA will notify you about how the funds already withheld will be evaluated and paid after the emergency has ended.

## WHAT IS REQUIRED FOR THE CCOS

### Use of Early Release of 2019 Quality Pool Funds

CCOs are encouraged to focus on COVID-19 areas of need when spending these additional funds. To ensure there is an accountability mechanism for this early release of 2019 quality pool funds, OHA requests each CCO provide the following information **by 4/10/2020**:

- An overview of the methodology and/or strategy used to distribute the 2019 quality pool early release funds received for COVID-19 response
- Information on entities expected to receive the funds
- An estimate or range of the expected distribution by recipient
- A summary of the extent to which distributions were based on previous contracts
- A summary of the extent to which distributions were based solely due to COVID-19
- Timeline of when distributions will be made (if applicable)
- An estimate of any money not distributed and the reason why

OHA is then requesting that each CCO provide a final accounting of the distribution of the 2019 early release quality pool **by 6/30/2020**.

- A detailed report of the distributions with final amounts and date(s) of distribution by recipient, including any funds not distributed and why
- Explanation of any significant deviations from the information provided in April

### Use of Suspended 2020 Withhold Funds

OHA is requesting each CCO provide the following for the 2020 withhold suspension **by 4/17/2020**:

- An overview of the methodology and/or strategy used to distribute the withheld funds received for COVID-19 response
- Details of any increases to provider reimbursement, related party distributions, etc., anticipated to occur during the period of withhold suspension
- Information on the entities receiving these funds, including anticipated amounts and timing
- An estimate of any money not distributed and the reason why

*Note: OHA will request a final accounting of the withhold suspension funds at a later date based on the methodology and/or strategy provided.*

The information above will be shared with the public by CCO related to the COVID-19 response. **OHA will distribute a template to CCOs by 4/3/2020 to use to provide this information to OHA by the**

**deadlines specified above.** Delays in reporting may impact how these policies impact an individual CCO, i.e. withhold suspension or 2019 quality pool distribution.

## FREQUENTLY ASKED QUESTIONS

The following are high-level frequently asked questions related to these policy decisions. Please send additional questions to [actuarial.services@dhsosha.state.or.us](mailto:actuarial.services@dhsosha.state.or.us).

### **How does the 2020 withhold suspension impact rate setting in future rate setting cycles?**

OHA will evaluate calendar year 2020 base data considering this extraordinary policy change. This is an important consideration in future rate setting cycles.

### **How does withhold suspension impact 2020 quality measures?**

OHA is evaluating the current quality measures for 2020 and is looking at the metrics considering the pandemic disruption in the system. Final decisions about the measures and targets in the program are made by the Metrics & Scoring Committee. OHA will review the 2020 measures and create options and proposals for the Committee to consider at a future date, when more data are available on COVID-19 impact on performance. If you have comments or thoughts, please send them to [metrics.questions@dhsosha.state.or.us](mailto:metrics.questions@dhsosha.state.or.us).

### **Does withhold suspension eliminate the 2020 Quality Incentive Program?**

Withhold suspension does not eliminate the 2020 Quality Incentive Program. The funds withheld from January to March 2020 will still be maintained for the program. Any full or partial suspension of the withhold is only expected during the period covered by the emergency declaration. Continuation or modification of the suspension is at OHA's sole discretion.