





Background – The Health Care Cost Trends Report & Measuring Medicaid Cost Growth

The report titled **Health Care Cost Trends: State and Market-Level Cost Growth in Oregon, 2013-2019** differs from how the Oregon Health Authority (OHA) has previously measured health care cost growth for Medicaid Coordinated Care Organizations (CCOs) and how OHA calculates CCO capitation rates.

The table below describes the methodological differences between the Health Care Cost Trends Report and how OHA develops capitation rates for the CCOs.

	Health Care Cost Trends report	Capitation payment rates for CCOs
 Who is included?	All Medicaid members who receive full benefits from either OHA’s Open Card program or CCOs. ¹ Excludes those with partial benefits and the Cover All Kids program ²	All Medicaid members who receive their care through a CCO including those with partial benefits
 What is measured?	The amount that OHA and CCOs pay hospitals, medical providers, and others for services	The amount OHA pays CCOs
 Timing of the data	Actual spending in a calendar year, measured retrospectively	Projected spending for an upcoming calendar year, based on historical spending
 Included costs	All claims-based spending for all individuals with Medicaid coverage in the All Payer All Claims (APAC) database.	All claims and non-claims spending , administrative costs, CCO profit margin, reinsurance, health-related services, and more.
Excluded costs	Non-claims spending such as value-based payments.	The costs of serving Open Card members and quality pool payments

1 The Health Care Cost Report presents data about the Medicaid program, which includes both CCOs and Open Card. In the Medicaid Open Card program, OHA pays providers directly for members’ care instead of the CCO paying for care.

2 The Cover All Kids program will eventually be included under the umbrella of Healthier Oregon, which will serve adults as well.

Measuring Medicaid Cost Growth

OHA has measured health care cost growth for the Medicaid program in many different ways since 2012. All methods use 3.4% as a target but are calculated differently.

Going forward and in addition to these measurements, OHA will measure Medicaid spending relative to the new sustainable health care cost growth target.³ This newest measurement will look at the growth of total health care expenditures across the Medicaid program as well as for each CCO.

Examples of what is included in different cost growth calculations for Medicaid ⁴

	State-Funds Budget Cap (est. 2016)	Medicaid 1115 Waiver (est. 2012)	Annual CCO Capitation Payment Rates (est. 2013)	Sustainable Health Care Cost Growth Target (est. 2019)	Health Care Trends Report (published 2022)
	The Oregon Legislature placed a 3.4% limit on the growth of state funds used for Medicaid.	OHA aims to limit federal funds used for Medicaid spending to 3.4% growth.	OHA aims to limit growth to 3.4% for CCO capitation rates. Applies to each CCO individually and all CCOs combined.	New program assessing costs in commercial, Medicare Advantage and Medicaid markets.	One-time report that presents data about Oregon's health care costs and cost growth between 2013-2019, including Medicaid's.
CCO covered benefits	✓	✓	✓	✓	✓
Open Card program	✓	✓	✗	✓	✓
Mental health drugs	✓	✗	✗	✓	✓
Disproportionate Share Hospital (DSH) program	✓	✗	✗	✗	✗
Payments for Graduate Medical Education (GME)	✓	✗	✗	✗	✗
Cover All Kids (CAK) Program	✓	✗	✓	✓	✗
Children's Health Insurance Program (CHIP)	✓	✓	✓	✓	✓
Emergency medical care for non-citizens (CAWEM Program)	✓	✗	✗	✓	✗
Dual and Tribal members not enrolled in CCOs	✓	✗	✗	✓	✓

³ Oregon's Sustainable Health Care Cost Growth Target program was established in 2019 by Senate Bill 889.

⁴ OHA recently implemented a fourth measurement, as per Senate Bill 1041 (2020), that focuses on sustainable risk adjusted rate of growth.