

Sustainable Spending and Controlling Costs CCO 2.0 Policy Development Proposed Work Plan

Background

As part of Governor Brown's guidance regarding the next iteration of Coordinated Care Organizations (CCOs) in Oregon, the Oregon Health Policy Board has been asked to make recommendations for addressing major cost drivers to ensure that the Oregon Health Plan continues to meet sustainable growth targets, and to make recommendations regarding financial transparency and accountability. During the Board's January retreat, this directive was broadly explored, and led to the discussion of some specific questions designed to inform the creation of a work plan to craft policy recommendations. Current efforts to control costs rely on capitation rate setting methodology, incentive and other bonus payments to motivate certain behaviors that may put downward pressure on health spending, and information sharing on best practices between CCOs. Because CCOs have extensive flexibility to provide care to their members within budget targets, attributing savings to specific CCOs activities or programs is difficult. Furthermore, as CCOs move farther away from encounter-based payments, existing data sources and requirements may need to be revised to refine evaluation tools and better understand CCO successes.

Policy options moving forward should build on successful strategies and activities CCOs have used over the last 5 years, and may need to consider new ways to gather information on CCO programs and activities to better evaluate their role in generating savings. CCOs should maintain significant flexibility to meet the needs of their population, additional requirements or guidelines could be considered to focus activities in order to meet specific policy goals moving forward.

Incentive payments to CCOs based on their performance in a variety of areas highlights the value of bonus payments to motivate CCOs to focus on certain activities or conditions. Building on the current successes is critical moving forward, and doing so could include revising the structure of the current incentive program or potentially creating new incentives for CCOs to invest in other focus areas, such as value-based payments or social determinants of health.

Sustainable Spending and Controlling Costs Topic Area Team

OHA has convened an internal Sustainable Spending and Controlling Costs CCO 2.0 team with members from Health Policy and Analytics (HPA), the Health Systems Division (HSD) and the Fiscal and Operations Division. Members were invited to participate based on their particular subject matter expertise to develop a comprehensive and integrated cost and spending plan.

Cost Lead and Subject Matter Expert	Chelsea Guest, Actuarial Services Unit
Project management and policy lead staff	Tim Sweeney, Office of Health Policy
Health Systems Division lead	Jean Hutchinson, Health Systems Division
Additional subject matter experts	Laura Robison, Fiscal and Operations Division Jon Collins, Office of Health Analytics Dan Roe, Actuarial Services Unit Clair Clark, Budget Office Zachary Goldman, Office of Health Analytics

CCO 2.0 questions for 2018 investigation and policy options associated with each question

Questions	Policy Options
Is 3.4% still the right target for the entirety of the CCO contract period?	#1 Evaluation of 3.4% Sustainable Growth Rate Target and Ongoing Review
What cost drivers threaten continued achievement of sustainable growth (3.4%) in future years?	#2 Evaluate Cost Drivers and Propose Cost Containment Strategies for CCO 2.0
What cost drivers warrant additional analysis & focus to help OHA and CCO partners continue to meet Legislative and waiver-driven growth targets?	#3 Driving cost containment & sustainability in CCO 2.0
	#4 Explore a reimbursement threshold (Min/Max) for CCO 2.0
Questions (Cont...)	Policy Options
What strategies could OHA pursue to increase CCO financial accountability while preserving adequate CCO flexibility to operate within global budget?	#5 Improve encounter data requirements and validation
	#6 Improve financial oversight and reporting requirements
	#7 Evaluate & adjust requirements related to solvency, reserves and capacity
	#8 Explore revisions to the medical cost definition
	#9 Review & modify quality pool structure & funding
	#10 Create payment structure that aligns with and promotes policy goals of CCO 2.0 (i.e. SDoH investment, etc.)
	#11 Develop program-wide strategies to manage risk and high/outlier costs
	#12 Develop a process to build a variable profit margin in the CCO rates based on efficiency and quality
	#13 Move to two-year rebasing for rate development

Opportunities for public input

The following timeline highlights planned public engagement activities to present and seek input regarding the policy options discussed in this work plan. For this topic area, OHA will be convening public stakeholder events specifically to discuss these policy options, as these issues largely fall outside of the existing committees' areas of focus and expertise.

Date and Stakeholder Engagement Opportunity		Policy Options Considered												
		#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
3/15-4/15	Online survey on overall CCO 2.0 process & policy areas, available on OHPB webpage		x	x	x		x	x		x	x	x	x	x

Date and Stakeholder Engagement Opportunity		Policy Options Considered												
		#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
4/5	Allies for a Healthier Oregon (AHO) SDOHE Forum									x	x			
TBD	Public Stakeholder Convening #1		x	x	x		x	x	x					
4/25	Medicaid Advisory Committee (MAC)		x	x	x		x	x		x	x	x	x	x
TBD	Public Stakeholder Convening #2									x	x	x	x	x
5/17	Public Health Advisory Board (PHAB)		x	x	x		x	x		x	x	x	x	x
6/5	OHPB June Board Meeting	x	x	x	x	x	x	x	x	x	x	x	x	x
6/6-7/4	Public input opportunities	x	x	x	x	x	x	x	x	x	x	x	x	x

2018 CCO 2.0 work plan development process

At the January 2018 Oregon Health Policy Board retreat, OHPB members provided feedback on the overarching questions for investigation in 2018. These questions provide the overarching foundation for what to explore in order to improve CCOs in the future. Using these questions as a guide, OHA staff gathered existing recommendations from reports, evaluations and committees and researched best practices and innovative ideas within these topic areas in order to identify policy options that should be examined and discussed further. The work plans below list the steps that will be taken to build towards potential policy recommendations for review by the OHPB, including additional research needed, timelines and opportunities for expert and public input.

The Spending & Cost work plan begins on the next page.

Question #1: Is 3.4% still the right target for the entirety of the CCO contract period?			
Policy Option 1: Evaluation of 3.4% Sustainable Growth Rate Target and Ongoing Review			
Key Next Steps	Completion date	Link with other topic areas	Comments
Review current inflationary targets at the national level and similar state Medicaid programs	4/30/18		Comparing to other Medicaid programs can be difficult, but may be useful
Evaluate what type of areas may trigger a change (up or down) in the 3.4% target and the impact it may have on federal and legislatively set budgets	4/30/18		
Create recommended proposal for ongoing evaluation & setting of the sustainable rate of growth (2.0)	5/25/18		
Question #2: What cost drivers threaten continued achievement of sustainable growth (3.4%) in future years? & Question #3: What cost drivers warrant additional analysis & focus to help OHA and CCO partners continue to meet Legislative and waiver-driven growth targets?			
Policy Option 2: Evaluate Cost Drivers and Propose Cost Containment Strategies for CCO 2.0			
Key Next Steps	Completion date	Link with other topic areas	Comments
Review growth trends by category of service (i.e. IP, OP, MH, etc.) and diagnosis / disease category	4/30/18		
Create recommended proposal for what areas need to be focused on regarding future cost containment in CCO 2.0	5/25/18		CCOs could be required to have a "cost containment strategy"
Policy Option 3: Driving cost containment & sustainability in CCO 2.0			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Evaluate different options for benchmarks and cost containment strategies in Medicaid Managed Care to achieve sustainability	4/30/18		Linked with incentives-related policy options
Recommend next steps for incorporating financial benchmarks into CCO 2.0	5/25/18		
Policy Option 4: Explore a reimbursement threshold (Min/Max) for CCO 2.0			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Evaluate current reimbursement	4/30/18		

Review current rules related to reimbursement in state and federal law	4/30/18		
Evaluate how reimbursement analysis may change as alternative payment increases	4/30/18	VBP	
Recommend proposal for addressing reimbursement cost growth in CCO 2.0	5/25/18		

Question #4: What strategies could OHA pursue to increase CCO financial accountability while preserving adequate CCO flexibility to operate within global budget?

Policy Options under this question fall under four categories:

- 4.1 Improved Data, Reporting and Financial Oversight
- 4.2 Financial Payments to CCOs and Quality Pool
- 4.3 Reinsurance & Risk Mitigation
- 4.4 Rate Setting for CCOs

Under each topic area are multiple policy options the Cost TAT will explore as it relates to CCO 2.0.

Topic Area 4.1: Improved Data, Reporting and Financial Oversight

Policy Option 5: Improve encounter data requirements and validation

Key next steps	Completion date	Link with other topic areas	Comments
Review current requirements regarding data submission and validation	5/25/18		
Recommend improved requirements around paid amount reporting (i.e. contract value for APMs, paid amounts for all claims) in 2.0	5/25/18		

Policy Option 6: Improve financial oversight and reporting requirements

Key Next Steps	Completion Date	Link with other topic areas	Comments
Evaluate data elements needed to allow for improved reporting in CCO environment and transparency in 2.0	4/30/18		Goal to increase consistency of CCO reporting, including level of detail
Evaluate risk entity reporting as it relates to overall CCO reporting for 2.0	4/30/18		
Evaluate APAC / APM Appendix G reporting requirements for CCOs and consider opportunities to streamline reporting requirements	4/30/18		
Review and retool Exhibit L for CCO 2.0	4/30/18		Not intending to add to CCO reporting burden, but instead streamline and ensure reporting is not duplicative but

			ensures needed information is available
Coordinate with SDOH/E TAT to evaluate reporting requirements and formats	5/25/18	VBP SDOH/E BH	Joint meeting planned
Policy Option 7: Evaluate & adjust requirements related to solvency, reserves and capacity			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Review existing CCO & commercial insurance reserve & solvency requirements as it relates to CCO 2.0	4/30/18		
Review rules associated with reserves and potentially align with insurance regulations (DCBS) as it relates to CCO 2.0	4/30/18		
Policy Option 8: Explore revisions to the medical cost definition			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Review federal and state Medicaid definitions of medical cost, and differences depending on the measurement (i.e. rates, MLR, etc.), and evaluate whether alignment is needed or crosswalk in 2.0	4/15/18	VBP SDOH/E	Connected to policy option 3
Review medical cost definition as it relates to APMs and risk accepting entities	5/25/18	VBP	
Topic Area 4.2: Financial Payments to CCOs and Quality Pool			
Policy Option 9: Review & modify quality pool structure & funding			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Review past material developed on moving the Quality Pool to a withhold structure	4/15/18	VBP SDOH/E	
Review applicable rules and regulations related to a withhold versus a bonus	4/15/18	VBP SDOH/E	
Create a recommendation for Quality Pool structure in CCO 2.0	5/25/18	VBP SDOH/E	Should consider whether new rules are needed for how CCOs spend quality pool / incentive funding
Policy Option 10: Create payment structure that aligns with and promotes policy goals of CCO 2.0 (i.e. SDOH investment, etc.)			
Key Next Steps	Completion Date	Link with other topic areas	Comments

Evaluate alternative funding options to CCOs based on federal and state regulations	4/15/18	VBP SDOH/E	
Work with other policy areas to determine the need to financially incentivize CCO behavior and desired outcomes	4/30/18		
Develop recommended framework that incentivizes policy goals	5/25/18		Policy goals are used broadly to be inclusive of the Governor's Letter (i.e. cost containment, SDOH/E, etc.)
Topic area 4.3: Reinsurance & Risk Mitigation			
Policy Option 11: Develop program-wide strategies to manage risk and high/outlier costs			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Data analysis regarding feasibility of a reinsurance pool	3/31/18		
Draft key options related to risk sharing and mitigation	4/15/18		
Review options and feasibility with leadership and gather stakeholder feedback	5/25/18		
Coordinate with policy development from OHPB pharmacy committee and other pharmacy policy developments in 2018 legislative session	Ongoing		Timeline of ongoing work on aligned/single PDL analysis, greater use of OPDP, and other aspects of the issue doesn't match OHPB 2018 schedule
Topic Area 4.4: Rate Setting for CCOs			
Policy Option 12: Develop a process to build a variable profit margin in the CCO rates based on efficiency and quality			
Key Next Steps	Completion Date	Link with other topic areas	Comments
Review current 1115 waiver and language regarding this policy option	3/15/18		
Evaluate different options for benchmarks	4/30/18		
Recommend next steps for incorporating variable profit	5/25/18		
Policy Option 13: Move to two-year rebasing for rate development			
Key Next Steps	Completion Date	Link with other topic areas	Comments

Analyze impact of methodology as it relates to the legislative budget cycle and aligning with policy goals	4/30/18		
Estimate administrative benefits of 2-year rate setting	4/30/18		
Review options and feasibility of this policy option with leadership and gather stakeholder feedback	5/25/18		

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