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9/1/2026

CCO Capitation Rates Process OHPB September Meeting

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Purpose of this Report & Agenda

Purpose

Provide an overview of the CY2027 capitation rate development for the Coordinated Care Organizations (CCOs) and fulfill the recent legislative directive from [HB4039](#):

“Timely report the authority’s preliminary capitation rate determinations to the Oregon Health Policy Board. The report shall include the extent of the authority’s community engagement and input received from entities that serve medical assistance recipients in developing the preliminary capitation rates.”

Agenda

- CY2025 CCO Financial Indicators
- CY2027 CCO Capitation Rate Overview & Results
- CCO Rate Financial Elements vs. Non-Rate Elements
- HB4039 Implementation
- CCO & Provider Engagement

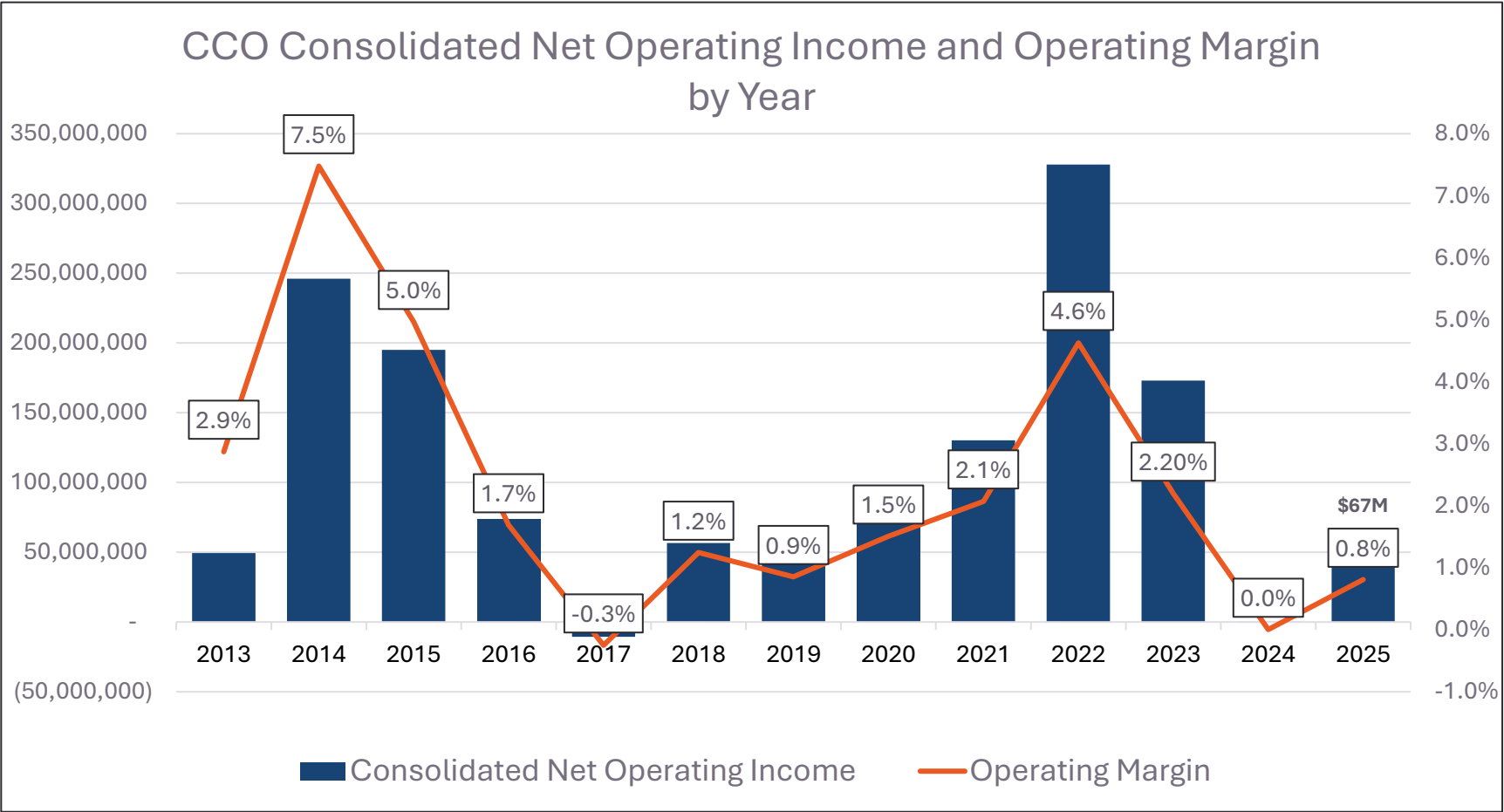


2025 CCO Financial Indicators

Medicaid Only

CY2025 CCO Financial Results - Net Income by Year

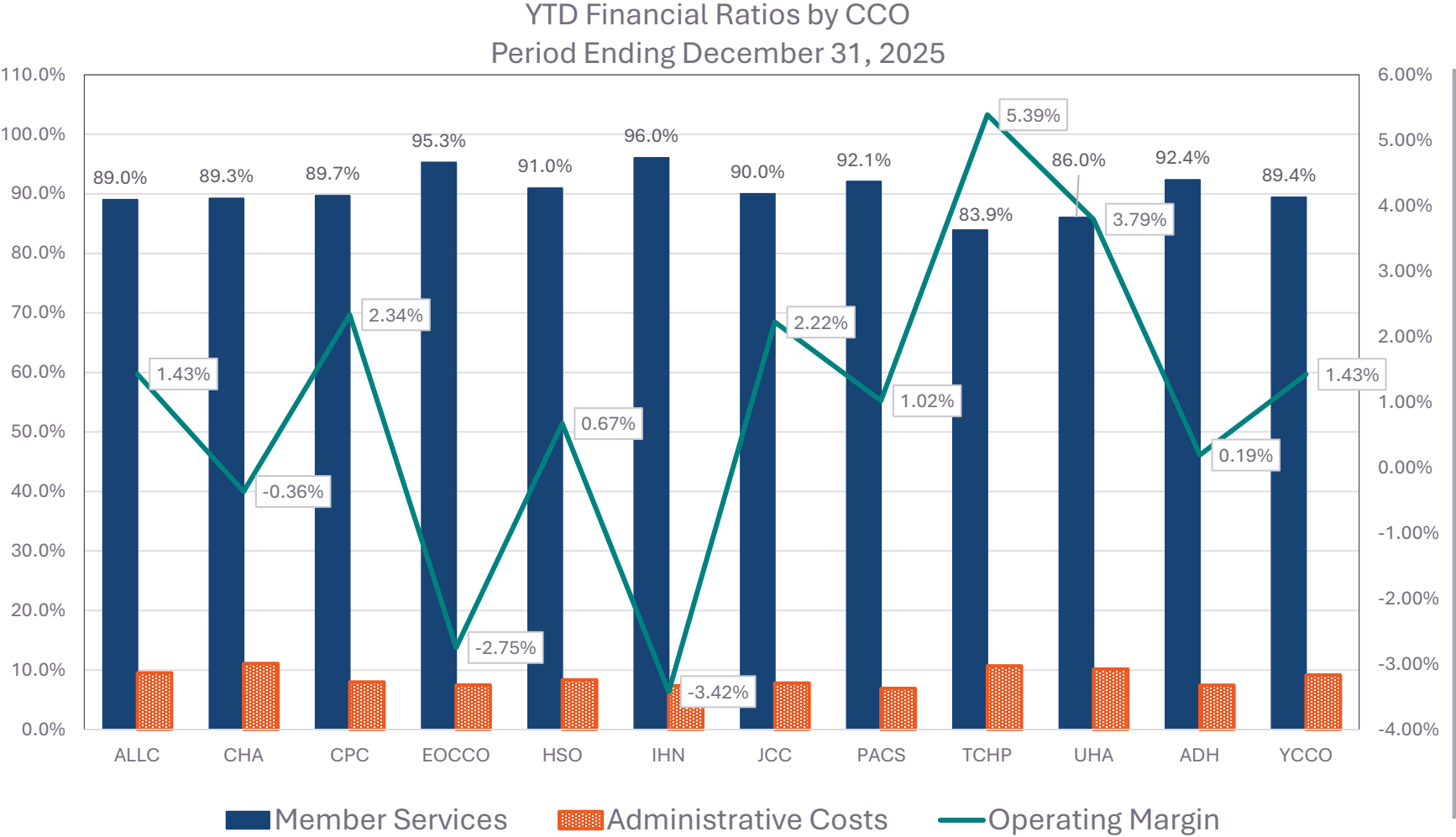
2025 experience is the starting point or “base data” for the 2027 capitation rates



Definitions

- Operating Revenues:** Revenue available for operations
- Operating Net Income:** Profit or loss (revenue minus expenses)
- Operating Margin:** Percentage of profit/loss compared to operating revenues
- Consolidated Net Income:** Sum of operating net income of all CCOs

CY2025 CCO-specific Results - Costs & Margin



Definitions

- **Member services:** Percent of medical costs compared to revenue
- **Administrative Costs:** Percent of administrative costs compared to revenue
- **Operating Margin:** Percentage of profit/loss compared to operating revenues
- **Sub-capitated entity:** Delegated entity contracted to provide Member services on behalf of CCO.



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CY27 CCO Capitation Rate Overview & Results

What are CCO Capitation Rates?

- **Medicaid capitation rates key highlights:**
 - Monthly fixed payments from OHA to CCOs for OHP member care
 - Vary by eligibility or member groups and are unique per CCO
 - Maternity care is paid via separate case rates or kick payment
 - Capitation rates are separate for Medicaid, Healthier Oregon, Bridge-BHP, and non-Medicaid dental

Details are available on the [OHP Rate Development Website](#) and [OHP Financial Information Website](#): including financial reports/summaries, rate certifications, workgroup materials, FAQs, and CCO contract rate sheets

CY27 Statewide Medicaid Capitation Rates

Average statewide rates grew in aggregate 6.1%, when maternity is excluded

Rate Group	CY27 CCOA Caseload Forecast	CY26 Rate Excl. MCO Tax (\$)	CY27 Rate Excl. MCO Tax (\$)	% Difference
Parent/Other Caretaker	1,000,132	663.35	700.27	5.6%
Pregnant Women	173,488	82.23	598.94	2.9%
CHILD 00-01	270,676	1,083.03	1,143.35	5.6%
CHILD 01-05	1,284,424	248.75	266.45	7.1%
CHILD 06-18	3,305,236	302.21	316.67	4.8%
DUAL-MEDS	929,174	327.59	351.44	7.3%
ABAD & OAA	635,242	1,789.05	1,841.60	2.9%
Foster	153,448	976.57	981.80	0.5%
ACA 19-34	2,584,834	456.36	499.98	9.6%
ACA 35-44	1,379,913	679.14	725.50	6.8%
ACA 45-54	996,292	874.55	925.03	5.8%
ACA 55-64	916,954	1,001.06	1,078.96	7.8%
YSHCN	44,469	566.66	543.21	-4.1%
BCCP	686	1,787.09	1,842.05	3.1%
Maternity	14,121	16,353.38	14,259.21	-12.8%
Total	13,687,677	\$594.57	\$627.68	5.6%
Total (Non-Maternity)	13,687,677	\$577.70	\$612.96	6.1%

Key Topics for 2027 Capitation Rates

- **HR1 / Federal Eligibility Changes:** New eligibility requirements expected to decrease caseload and increase churn in Medicaid. OHA proposed a retroactive rate evaluation to help ensure that capitation changes align with actual changes in member acuity.
- **Benefit Update Project (BUP):** Updates to the Prioritized List eff. Jan 2027 require alignment with Medicaid State Plan covered benefits. Impact on benefits and administrative costs for CCOs was a significant discussion point during the 2027 rate setting cycle and require ongoing monitoring.
- **Elevated Rate Increases:** Capitation rates continue to exceed legislatively approved budget for the third-year running, requiring additional funds from Legislature. OHA retained higher minimum medical loss ratio requirements to assure investment of additional funds in health care.

OHA & Mercer Focus

Actuarial impacts of these changes in the program and potential retroactive risk mitigation strategies that evaluate the program after membership and cost shifts are known

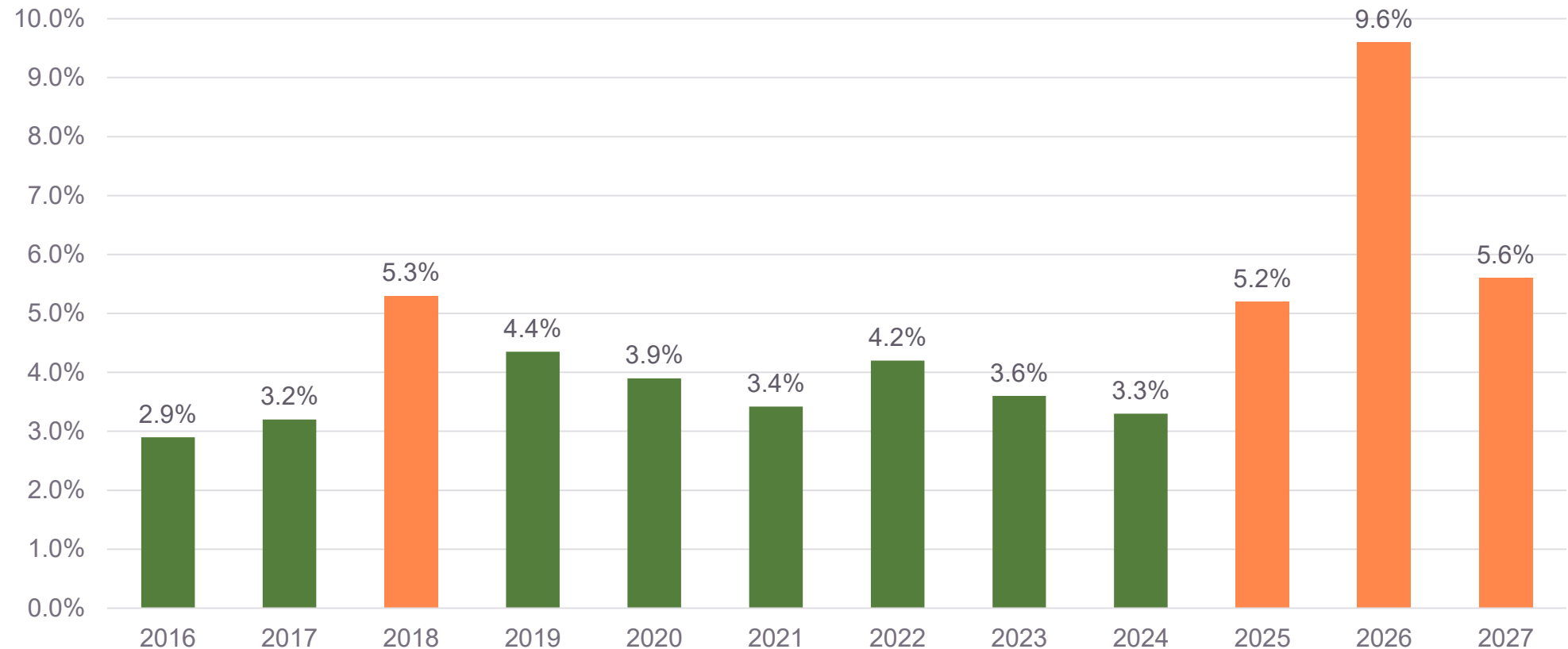
CY27 CCO Aggregate Rates by CCO

Statewide rates are generally distributed to individual CCOs based on specific considerations that address member risk, regional and hospital costs differences.

Coordinated Care Organization	CY27 CCOA Caseload Forecast	CY26 Rate Excl. MCO Tax and Maternity	CY27 Rate Excl. MCO Tax and Maternity	% Difference
Advanced Health, LLC	286,710	\$ 627.06	\$ 665.63	6.2%
AllCare CCO	679,134	\$ 552.70	\$ 580.82	5.1%
Cascade Health Alliance, LLC	278,433	\$ 566.39	\$ 603.46	6.5%
Columbia Pacific CCO, LLC	382,678	\$ 654.72	\$ 678.55	3.6%
Eastern Oregon Coordinated Care Org., LLC	773,731	\$ 622.72	\$ 688.98	10.6%
Health Share of Oregon	4,568,237	\$ 561.28	\$ 597.11	6.4%
InterCommunity Health Network, Inc.	857,588	\$ 623.47	\$ 658.03	5.5%
Jackson County CCO, LLC	676,911	\$ 577.18	\$ 588.39	1.9%
PacificSource Community Solutions (Central)	786,181	\$ 667.47	\$ 687.41	3.0%
PacificSource Community Solutions (Gorge)	179,993	\$ 601.98	\$ 656.35	9.0%
PacificSource Community Solutions (Marion Polk)	1,517,032	\$ 562.92	\$ 596.43	6.0%
Trillium Community Health Plan, Inc. (Tri-County)	588,172	\$ 455.58	\$ 497.65	9.2%
Trillium Community Health Plan, Inc. (Southwest)	1,335,047	\$ 566.65	\$ 597.98	5.5%
Umpqua Health Alliance	412,848	\$ 593.12	\$ 631.54	6.5%
Yamhill Community Care	364,983	\$ 592.76	\$ 653.48	10.2%
Total (Non-Maternity)	13,687,677	\$ 577.70	\$ 612.96	6.1%

Oregon Medicaid Capitation Rates Over The Years

Annualized growth rate has been consistent at a statewide level, with the exception of 2018 and 2025-2027



- The year over year rate increases for Oregon Medicaid's capitation rates has stayed consistent around the 3.4% budget target. 2018's YoY rate increase was due to the ACA redetermination; some other years were impacted by Legislatively-funded benefit improvements. 2027's projected rate increase of 5.6% is above historical levels.
- Chart is in total funds; however, state fund increases targeted 3.4% in most years resulting in slightly different total fund impacts.

Oregon Medicaid Capitation Rates Over The Years

The statewide average PMPM rate has changed as the population and spending patterns have changed.



- The statewide average Per Member Per Month (PMPM) capitation rates reflect changes to the underlying population over the years. As a result, direct comparisons of these PMPMs year over year are incomplete due to underlying population changes.

Capitation Rates and Budget Considerations

Actuarial Soundness



- CMS regulations require that rates are projected to provide for all reasonable, appropriate, and attainable costs under the terms of the contract for the time period and the population covered

State Budget



- The state portion of the Medicaid expenditures must be appropriated by the Legislature



CCO Rate Financial Elements vs. Non-Rate Elements

CCO Capitation Rates - Key Elements

Note: Figures are CY27 Medicaid rates on projected CY27 caseload

- **Statewide Medical and Services Costs:**

OHA takes claims and financials from the CCOs to reflect the costs of the program from the most recent complete calendar year

- ~\$6.8 B in CY2027

- **Program Changes and Trend:** Adjustments needed to take the historical costs and project it into the upcoming contract year (e.g., CPI, benefits, population changes, etc.)

- ~\$0.7 B in CY2027

- **CCO Admin and Risk Contingency:** OHA pays a tiered admin % reflecting each CCO's size, plus a 1.75% underwriting margin, Performance Based Reward, and 2% MCO tax

- ~\$1.1 B in CY2027

- **Regional and CCO Specific Factors:** OHA uses member-risk, hospital cost and regional differences to allocate the rates to each CCO that is unique to their cost pressures.

- Budget neutral allocation

CCO Financial Elements - Outside of Rates

Note: Figures are annualized

- **Quality Incentive Pool:** OHA pays CCOs an incentive payment depending on their metric achievement each year. The percentage is above and beyond the CCO rates and the percentage is determined based on budget.

- ~\$238 M for CY2025 (3.0% of rates)

- **Risk Corridor Settlements:** OHA offers cost risk protections to CCO and the state for new or emerging programs. Each corridor may result in no payment, a payment to a CCO or a payment from the CCO to OHA.

- ~\$30 M in recoveries (majority for HOP) for CY2025

- **Separate Term Directed Payments:** OHA has separate directed payment programs that pay CCOs when specific services are rendered. (e.g., related to provider tax)

- ~\$2.2 B projected for CY2026

- **Medical Loss Ratio Rebates:** OHA reviews each CCO's spending on medical and health-related services. If a CCO falls below the annual threshold, it must reinvest the shortfall into approved community projects.

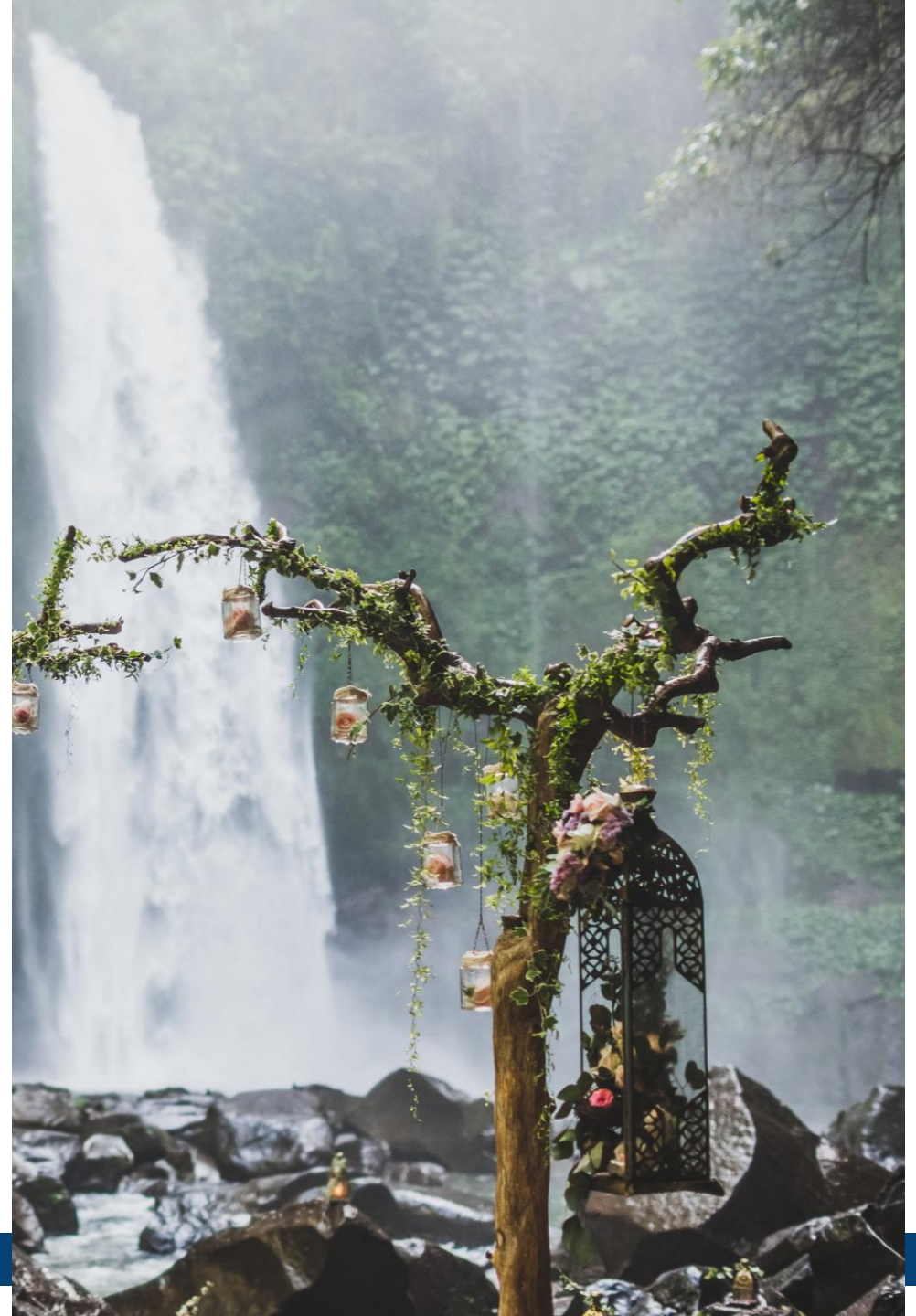
- CY2024 was ~\$5m from one CCO



HB 4039 Implementation

HB4039 Summary

HB4039	OHA's Implementation
Requires transparent, data-driven rate setting	Engage CCOs early across all rate components and publicly post materials and rate certifications
Mandates base data reconciliation, contract changes, and statewide outlier trend	Partner with CCOs on structure of the exhibits and reports, delivered enhanced exhibits 8/12
Providing 90-day notice for Open Card rate changes to CCOs, where feasible	Engage with CCOs as early as possible about adjustments to the Open Card rate schedule
Report timely to OHPB with preliminary rates	Provided a technical assistance webinar last week and presenting today to the full Policy Board



Base Data & Trend Exhibits Spotlight

Exhibits were presented in draft and delivered in August to CCOs

Base Data Exhibit (specific to HB4039)

Oregon Health Authority
CY27 Medicaid Capitation Rate Development
CY25 CCO Base Data Development

CCO	COA	COS	Base Data	Base Data	Encounter Adjustments	
			CY25 Member Months	CY25 Encounter PMPM	Subcap Exclusion	IBNR
Statewide	ACA 19-34	Inpatient-A/B Hospital	2,895,086	\$ 2.61	\$ (0.03)	\$ 0.16
Statewide	ACA 19-34	Inpatient-DRG Hospital	2,895,086	\$ 20.65	\$ (0.25)	\$ 1.09
Statewide	ACA 19-34	Inpatient-Other Hospital	2,895,086	\$ 1.20	\$ (0.01)	\$ 0.05
Statewide	ACA 19-34	Outpatient-A/B Hospital	2,895,086	\$ 6.46	\$ (0.09)	\$ 0.09
Statewide	ACA 19-34	Outpatient-DRG Hospital	2,895,086	\$ 17.85	\$ (0.23)	\$ 0.24
Statewide	ACA 19-34	Outpatient-Other Hospital	2,895,086	\$ 4.36	\$ (0.05)	\$ 0.05
Statewide	ACA 19-34	Emergency Department-A/B Hospital	2,895,086	\$ 10.20	\$ (0.16)	\$ 0.17
Statewide	ACA 19-34	Emergency Department-DRG Hospital	2,895,086	\$ 14.38	\$ (0.15)	\$ 0.16
Statewide	ACA 19-34	Emergency Department-Other Hospital	2,895,086	\$ 0.96	\$ (0.00)	\$ 0.01
Statewide	ACA 19-34	Physician Services	2,895,086	\$ 56.43	\$ (1.25)	\$ 1.40
Statewide	ACA 19-34	Prescription Drugs	2,895,086	\$ 49.15	\$ -	\$ 0.08
Statewide	ACA 19-34	DME and Miscellaneous	2,895,086	\$ 15.54	\$ (0.41)	\$ 0.37
Statewide	ACA 19-34	Mental Health Services Inpatient	2,901,686	\$ 9.75	\$ (0.19)	\$ 0.46
Statewide	ACA 19-34	Substance Use	2,901,686	\$ 14.21	\$ (2.07)	\$ 0.26
Statewide	ACA 19-34	Applied Behavior Analysis (ABA)	2,901,686	\$ 0.01	\$ -	\$ 0.00
Statewide	ACA 19-34	ACT/SE	2,901,686	\$ 0.09	\$ -	\$ 0.00
Statewide	ACA 19-34	SUD Residential	2,901,686	\$ 7.34	\$ (0.88)	\$ 0.14
Statewide	ACA 19-34	MH Children's Wraparound	2,901,686	\$ 0.77	\$ (0.01)	\$ 0.01
Statewide	ACA 19-34	Mental Health Other Non-Inpatient	2,901,686	\$ 74.23	\$ (4.77)	\$ 1.21
Statewide	ACA 19-34	NEMT	2,901,686	\$ 0.70	\$ (0.00)	\$ 0.01
Statewide	ACA 35-44	Inpatient-A/B Hospital	1,464,910	\$ 6.07	\$ (0.07)	\$ 0.42
Statewide	ACA 35-44	Inpatient-DRG Hospital	1,464,910	\$ 44.21	\$ (0.51)	\$ 2.31
Statewide	ACA 35-44	Inpatient-Other Hospital	1,464,910	\$ 3.38	\$ (0.02)	\$ 0.13
Statewide	ACA 35-44	Outpatient-A/B Hospital	1,464,910	\$ 12.98	\$ (0.08)	\$ 0.22
Statewide	ACA 35-44	Outpatient-DRG Hospital	1,464,910	\$ 30.29	\$ (0.19)	\$ 0.42
Statewide	ACA 35-44	Outpatient-Other Hospital	1,464,910	\$ 8.82	\$ (0.05)	\$ 0.12
Statewide	ACA 35-44	Emergency Department-A/B Hospital	1,464,910	\$ 14.31	\$ (0.24)	\$ 0.25
Statewide	ACA 35-44	Emergency Department-DRG Hospital	1,464,910	\$ 18.61	\$ (0.24)	\$ 0.22

Trend Exhibit

CY27 CCO Rate Development
Prospective Trend Factors

COA	COS	Annual Trend		
		Util/1,000	Unit Cost	PMPM
PCR	Inpatient-A/B Hospital	5.0%	1.3%	6.3%
PCR	Inpatient-DRG Hospital	1.0%	1.3%	2.3%
PCR	Inpatient-Other Hospital	0.5%	1.3%	1.8%
PCR	Outpatient-A/B Hospital	3.0%	4.0%	7.1%
PCR	Outpatient-DRG Hospital	3.0%	4.0%	7.1%
PCR	Outpatient-Other Hospital	3.0%	4.0%	7.1%
PCR	Emergency Department-A/B Hospital	2.5%	4.0%	6.6%
PCR	Emergency Department-DRG Hospital	2.5%	4.0%	6.6%
PCR	Emergency Department-Other Hospital	2.5%	4.0%	6.6%
PCR	Physician Services	4.0%	1.0%	5.0%
PCR	DME and Miscellaneous	3.0%	1.0%	4.0%
PCR	Substance Use	3.5%	4.0%	7.6%
PCR	Prescription Drugs	1.9%	4.2%	6.2%
PCR	Mental Health Services Inpatient	1.0%	1.3%	2.3%
PCR	SUD Residential	1.0%	1.3%	2.3%
PCR	ACT/SE	3.5%	4.0%	7.6%
PCR	Applied Behavior Analysis (ABA)	3.5%	4.0%	7.6%
PCR	MH Children's Wraparound	3.5%	4.0%	7.6%
PCR	Mental Health Other Non-Inpatient	3.5%	4.0%	7.6%
PCR	NEMT	3.0%	1.0%	4.0%
PWO	Inpatient-A/B Hospital	5.0%	1.3%	6.3%
PWO	Inpatient-DRG Hospital	1.0%	1.3%	2.3%
PWO	Inpatient-Other Hospital	0.5%	1.3%	1.8%
PWO	Outpatient-A/B Hospital	1.0%	4.0%	5.0%
PWO	Outpatient-DRG Hospital	1.0%	4.0%	5.0%
PWO	Outpatient-Other Hospital	1.0%	4.0%	5.0%
PWO	Emergency Department-A/B Hospital	2.5%	4.0%	6.6%
PWO	Emergency Department-DRG Hospital	2.5%	4.0%	6.6%
PWO	Emergency Department-Other Hospital	2.5%	4.0%	6.6%
PWO	Physician Services	4.0%	1.0%	5.0%



CCO & Provider Engagement

Meetings & Engagement Overview

The CCO rate cycle entails a significant amount of engagement between OHA, Mercer and CCOs from January to October each year. This year, OHA added additional external engagement per HB4039.

Coordinated Care Organizations

Five Rates Workgroup Meetings with all CCOs and Feedback Opportunities (slides/recordings/FAQs [posted](#))

Two Actuarial Work Sessions on HR1 and rate methodology

Two rounds of individual CCO meetings to discuss data validation and final CY2027 capitation rates

Providers & External Audience

Three Provider Matters articles providing an update on the rate process and links to publicly available materials

Four public presentations to both the legislature and the Oregon Health Policy Board on CCO financials and the CCO rate development process

Key CY2027 CCO Feedback Themes

CCOs had a variety of feedback throughout the process, and the following were emerging themes near the end of the cycle

- **HR1 Acuity & Eligibility Changes:** CCOs expressed concerns about uncertainty of retroactive acuity adjustments and settlement
- **Benefit Update Project (BUP):** Concern that cost estimates in the rates may be understated; CCO requested ongoing emerging experience monitoring
- **Clinical Efficiencies:** Need clearer strategies; rural CCOs noted limited ability to change care patterns due to access constraints to reduce preventable emergency department and hospital admissions
- **CCO Financial Position:** Concerns related to reduced reserves and continued cost pressure
- **Contracting Timelines:** CCOs expressed concern with compressed review periods; OHA provided rates three weeks prior to renewal deadline to meet HB4039 commitments
- **Transparency Requests for Consideration:** CCOs requested expanded detail on a variety of assumptions in the rate model that is under consideration with OHA and Mercer

See detailed Feedback documentation on the [Fiscal and Operations - CCO Communication website](#) with CCO questions and OHA/Mercer responses. For example, here is the [April feedback document](#).

Next Steps & OHPB Feedback Request

- **Next steps for CY2027 capitation rates:**
 - OHA will finalize and post the actuarial rate certification and contract rate sheets [here](#)
 - OHA will submit rate certification to CMS for review and approval
 - OHA will issue final CY2027 CCO Contracts with rates for signature
- **OHPB feedback requested on:**
 - Level of engagement with CCOs and providers
 - Transparency and clarity of rate development
 - Any required follow-up reporting for legislative partners
 - Legislative presentation planned September 9th



Questions?