

# Future of CCO Global Budgets Concept Paper

## 1115 Waiver Demonstration

### Summary of Request

Oregon will re-commit to a sustainable rate of growth in the CCO program to achieve savings, drawing on an enhanced global budget that maximizes flexible, smart spending. This commitment will be paired with additional strategies to hold CCOs accountable to member and community needs to more effectively focus on health equity and redistribute power as it relates to community investment.

### Problem and Background

Oregon's commitment to sustainable growth is designed to drive cost savings from improved health outcomes and more efficient spending, rather than reducing members services or tightening eligibility. A key component is flexible, service-integrated payments for CCOs – also known as a global budget.

Under global budgets, CCOs are responsible for coordinating care across physical, behavioral, and oral health services. They also have the flexibility to fund other services that improve member and community health, such as housing or food supports, through Oregon's innovative health-related services (HRS) program. CCOs' global budgets have also historically included a sizable payment tied to quality, ranging from 2% to 4.25% of the global budget paid to CCOs. These incentives have driven significant improvements in the quality of care; for example, between 2011 and 2019, depression screenings increased more than two-fold and emergency department utilization dropped by 14%. And while some CCOs have successfully designed processes to ensure that investments in community health are managed and determined by community members and community-based organizations themselves, many CCOs continue to have centralized decision-making that retains power within the CCO when it comes to community investment.

Oregon's global budget, HRS, and quality programs have been key to maintaining sustainable growth while improving health. However, significant challenges remain. Health care is still one of the most significant costs in Oregon's state budget. At the same time, Oregonians are facing a statewide housing crisis, regular climate emergencies brought on by climate change, and widespread inequities caused by structural racism.

While CCOs have the flexibility and increasing incentives to spend on health-related services, the majority of CCOs still spend less than 0.5% of their global budgets on qualifying services. This is due in part to limitations in how expenditures are categorized and evaluated. There are also critical gaps in behavioral health spending, especially when it comes to children with complex needs and people experiencing health inequities. At the same time, too many dollars are spent ineffectively and inefficiently, spurred by lingering issues in care delivery, coordinated care, overtreatment, and administrative complexity.

## Most of all, despite gains in health care quality overall, significant health inequities persist.

Over the past decade, Oregon has adjusted its global budget and rate setting processes in a number of ways in attempts to better reward quality care and outcomes, while keeping a sustainable rate of growth. For example, as part of its last 1115 waiver, Oregon received approval for an innovative method to vary CCO profit margins based on increased investments in health-related services while meeting quality targets and containing costs. This program, now called Performance-Based Reward (PBR), will be effective starting with CCOs' 2022 rates. While Oregon has begun to see increased health-related services investment by CCOs in 2020 as a result of the PBR, more changes are needed to meet the challenges and barriers Oregon continues to face.

### Vision, Goals and Process:

**Vision:** Oregon's CCOs have the flexibility, financial incentives, and accountability to community that is necessary to address medical and social needs of members, invest in community health and well-being, and eliminate health inequities in Oregon.

### Goals

- Oregon creates savings that can address health inequities in the state, while maintaining a sustainable rate of growth in the CCO program
- CCOs focus spending on health equity, prevention, care coordination, and quality – because these are smart investments that will help them maintain sustainable cost growth
- Communities have significantly more say in the spending decisions that impact them, especially when it comes to health inequities
- People, especially those experiencing health inequities, get the care and supports they need to stay healthy, including services to address health-related social needs

### Process and Potential Strategies to Achieve Goal

The steps below outline the process needed to achieve our goals. This process will be achieved through a combination of waiver and non-waiver strategies.

#### **Step 1: Hold the CCO program to a sustainable cost growth target, in line with statewide efforts to contain health care costs.**

Oregon's sustainable cost growth goals are part of a statewide effort that includes CCOs, commercial plans, and public health plans, and which aims to create statewide savings to address other state needs. Achieving sustainable growth in the health care system can free up critical resources needed to correct historical racism, power-imbalances, and health inequities. At the same time, a sustainable cost growth target, when combined with other steps in this process, will create incentives for CCOs to focus on health equity, prevention, and the high-quality services that we know reduce costs.

#### **Step 2: Use innovative rate methods to set global budgets that encourage efficiency and upstream investment.**

Based on what will "count" in future rates, CCOs still have too many incentives to rely on standard health care services, rather than be responsive to the most pressing needs for members and communities. This is especially

true when it comes to addressing health-related social needs, which are often underutilized because they are counted differently than health care services. Oregon's goal is to develop future global budgets that include enough built-in flexibility for CCOs to get all members the care they need to stay healthy. In addition, budgets should contain clear incentives to serve member needs, be as simple as possible to understand, and be more predictable for communities and the state.

### **Step 3: Increase CCO accountability to delivering care and supports members need**

Increased budget flexibility and sustainable growth target goals are intended to shift resources to better meet patient and community needs. However, the combination of flexibility and cost pressure alone doesn't ensure that CCOs will use that flexibility to best serve members and communities. Oregon will continue to hold CCOs accountable to providing contractually required benefits and meeting basic quality and access targets, even while pushing CCOs to use flexibility to shift resources upstream and target health inequities. Oregon will work to increase consistent access to critical services, such as pharmacy benefits, especially for those with behavioral health conditions. Oregon also aims to enhance or expand feedback mechanisms, so that concerns from providers, advocates and community members about CCOs' provision of core benefits can be appropriately addressed.

### **Step 4: Enhance community voice in the CCO model to ensure community priorities and needs are driving spending decisions**

In order for the global budget to work, resources must shift to meet the greatest needs and solve health inequities. This work can't be done without strengthening community voice. Oregon's CCO model already contains several strategies to engage community, include Community Advisory Councils and required community health assessments and community health improvement plans. Recent contract changes required CCOs to jointly develop community health improvement plans with local hospitals and public health as well as community organizations and tribes, increasing CCO accountability to shared community priorities. And yet, actual spending on social needs, health equity, and community investments continues to be largely CCO-directed; and whether CCOs spend and how much they spend in these areas is still primarily up to each CCO.

The next waiver will aim to build on these strategies and develop new accountability structures to ensure CCOs share power with community, especially when it comes to investments in health equity and the social determinants of health. This work will also involve strategies that increase access to relevant, community-informed data. Communities can use this data to make decisions that benefit their communities and advocate for necessary resources to improve community health.

### **Step 5: Revamp Oregon's metrics program so that equity is the primary organizing principle.**

Oregon currently has a robust measurement program for Coordinated Care Organizations, including regular reporting of quality and access measures, and a successful incentive metric program which has focused CCO attention on improving specific aspects of care delivery, patient experience, and outcomes. In the new waiver, Oregon intends to build on this success by incorporating measures focused on upstream factors affecting health equity.

To continue ensuring Medicaid members have access to and receive quality care, while prioritizing groups of people who face contemporary and historical inequities, Oregon proposes bifurcating its current metrics program into two complementary structures. The two structures are designed to span the downstream and upstream aspects of a health equity framework.

One component of the incentive program would align with measures of healthcare processes, outcomes, and utilization that are used nationally (“downstream metrics”). The downstream metrics would focus on more traditional quality and access measures, including CMS-required measures, in continuity with the current CCO quality incentive program. The second component of the incentive program would consist of a smaller measure set focused on upstream factors affecting health equity (“upstream metrics”). These metrics would focus upstream to rectify historical and contemporary injustices.

### **Step 6: Ensure Oregon’s approach to evidence-based benefits enhances access to innovative and high-value care, including health-related social needs.**

Oregon’s prioritized list has helped guide investments in evidence-based health care since the 1990s and continues to be an integral part of Oregon’s model. Oregon will continue to explore ways to enhance the prioritized list to increase investments in prevention and health-related social needs. Oregon is also considering how high-value alternative services, also called “in-lieu of services,” can be better integrated into Oregon’s program to give CCOs more flexibility to meet member needs and preferences. This work will leverage public health infrastructure, investments, and primary care prevention expertise to maximize population health improvements.

### **Policies and Strategies:**

Below is a list of potential policies and strategies. Many of the strategies under the global budget are also in support of waiver strategies in equity-centered care and targeted equity investments.

#### **Flexible, sustainable global budgets that protect member access and target health inequities.**

To truly shift the CCO focus to providing the highest value care under a sustainable rate of growth, Oregon needs a global budget that is responsive and yet forward-thinking. Oregon aims to establish a reasonable initial budget using multiple years of historical data and set a target for future growth in the CCO program. Oregon will also seek flexibility to use innovative methods to evaluate recent health care expenditures when developing actuarially sound capitation rates for CCOs. The goal will be to better align incentives for high quality, cost effective care. Finally, Oregon will seek approval to use innovative rate structures that target non-medical benefits, such as housing supports, to members undergoing key transitions. Oregon will pair these efforts with strategies to protect member access and quality of care. The state will leverage its metrics program and prioritized list, as well as robust monitoring that includes meaningful feedback from members and providers.

To date, it has not been necessary for Oregon to waive federal rate setting regulations in order to achieve its goals. Under the current renewal, Oregon expects to seek similar flexibility in evaluating health care expenditures, once again without requesting specific waivers of federal regulation.

**“Access to preventative health resources is key to maintaining well-being”**

*African American Community Covid 19 Framework for Action*

**“...healthy families should have more support for [prevention] programming because we know that the medical system is important... but what can we do so that people don't have to go to the clinic? What may be some good prevention programs?”**

*OHA Strategic Plan community input*

**Integration is very important but isn't always working exactly as intended; billing is a challenge; access is a significant barrier.**

*Theme from CCO 2.0 listening sessions*

*What does this mean for OHP members?*

*For OHP members, this means more access to services that address their health-related social needs. For members with higher health care needs, this means better care coordination, including access to additional benefits when transitioning to and from institutions, such as jails and prisons.*

### **Shift power to community to direct community investments**

While CCOs have leveraged flexibility in their budgets to direct increased spending toward health-related social needs via HRS, spending remains low compared with medical care. Additionally, the fact that health inequities persist suggests the need for not only increasing community investments and community health partnerships, but ultimately shifting the power balance between the CCOs and the community. This work will require not only building a stronger model of community decision-making and direction – it will require building on ideas that have come directly *from* community and collaborating to build a new model directly *with* community. We commit to working with those most impacted by the challenges to create the solutions, including:

- Working directly with Oregon’s Regional Health Equity Coalition leaders to co-create a model that supports accountability and emphasizes meaningful power sharing between CCOs and community, building from ideas in proposed legislation (House Bill 3353).
- Focusing on culturally specific and responsive community and health services that address health inequities, such as housing supports and investments to increase access to culturally- and linguistically-appropriate care.

*What does this mean for OHP members?*

*For OHP members, particularly members experiencing health inequities, this means an increased voice in the health care decisions that impact them. For OHP communities, this means self-determination and community-led spending that recognizes, reconciles, and rectifies historical and contemporary injustices.*

**“And who better to say what’s needed in the community than the community?”**

**“The people who are already doing the work and have been doing the work for so long... There doesn’t need to be a new strategic plan. I think it needs to bring everybody to the table who already has plans going on and be like, “Okay, how can we uplift y’all who are already doing the work?” I think the work that OHA can do as an institution is advocate for the organizations who are already doing the work.”**

*OHA Strategic Plan community input*

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