

## **Rates and FamilyCare – Frequently asked questions – March 2016**

### **How is OHA trying to resolve the overpayment issue with FamilyCare?**

The Oregon Health Authority (OHA) presented FamilyCare with a plan for resolving the more than \$55 million in rate overpayment FamilyCare received in 2015 to provide care to Oregon Health Plan (OHP) members. OHA offered a monetary settlement to address concerns that FamilyCare had the most significant rate difference when revised 2015 rates were implemented to address issues with the original 2015 rates. This plan also would allow FamilyCare to have an extended period to make the necessary repayments, through December of 2018.

In exchange, FamilyCare would agree to reimburse Oregon for the remaining overpayments; drop its lawsuit challenging OHA to revise rates set for FamilyCare; and agree that it should not have a separate or different methodology than other CCOs.

### **What is the role of CMS?**

The Center for Medicare and Medicaid Services (CMS) is the third party to Oregon's Medicaid contract with the federal government.

OHA has been advised by the federal government's Center for Medicare and Medicaid Services (CMS) that FamilyCare does not have a valid 2015 or 2016 contract in place. Without an agreement in place, FamilyCare is not in compliance with its state contract to provide coordinated care to OHP members in the tri-county metro region. Despite the lack of contract, OHP members will continue to receive their health plan benefits and are not at risk of losing coverage.

### **Why didn't OHA accept the proposed solution that FamilyCare offered?**

After analyzing FamilyCare's proposed solution, OHA concluded FamilyCare's proposed solution would:

- Be inconsistent with CMS-approved 2015 and 2016 rate methodologies;
- Treat FamilyCare differently in regard to payment, violating trust and transparency with other CCOs and CMS; and
- Require additional taxpayer dollars to pay FamilyCare instead of benefiting some of Oregon's most vulnerable citizens—Oregon Health Plan members.

### **How many CCOs have signed 2015 contract amendments?**

To date, 15 of 16 CCOs have signed their 2015 rate amendments. Those rates were approved by CMS in December 2015. The February 2016 letter from CMS confirmed that FamilyCare does not have an approved contract for 2015 or 2016.

### **How many OHP members are enrolled in FamilyCare? What's their capacity?**

Approximately 128,000 OHP members are enrolled in FamilyCare. It is approved to serve up to 240,000 members.

### **Has FamilyCare had a chance to review its rates with OHA?**

OHA remains committed to transparency and this was a priority during the 2015 rate redevelopment process. Individuals meetings were held with all the CCOs, including FamilyCare, to review the methodology and answer any questions.

### **Why were rates redeveloped?**

In January 2015, 11 of Oregon's coordinated care organizations sent a letter to Governor Kitzhaber saying 2015 rates were flawed.

In particular, the issues raised were that the rates varied widely without explanation for the differences among CCOs within the same region and that 2015 rates had been developed without transparency. The coordinated care organizations also expressed concern that the 2015 final rates were not presented until late in December 2014 and without adequate opportunity to review.

### **How did the lawsuit between OHA and FamilyCare develop?**

Before it saw the revised 2015 rates, FamilyCare notified OHA that the 2015 rates were not actuarially sound and needed to be redeveloped by late March 2016. The lawsuit was filed in May 2015. FamilyCare sued asking for the rates to be redeveloped—which OHA had begun at that time, and which was completed in August 2015.

### **How did OHA work with Oregon's CCOs to redevelop the rates?**

In March 2015, OHA convened Oregon's coordinated care organizations to discuss the challenges and opportunities of redeveloping rates. The outcome of the meeting was that OHA would contract with the actuarial consultant, Optumas, to redevelop the 2015 rates using a revised 2015 rate methodology and certification.

At the request of the CCOs and with the consent of CMS, OHA began redeveloping 2015 rates in April 2015, seeking not only to address the 2015 methodological

issues but also to establish a solid financial foundation for Oregon's health system in 2016 and beyond. OHA hired Optumas as its actuarial consultant to redevelop the 2015 rate methodology and the 2015 rates, as well develop a methodology that could be applied to future rates.

OHA, coordinated care organizations, and Optumas developed the new methodology through a transparent, intensive process. This process included more than 100 meetings involving coordinated care organizations, OHA staff, and Optumas. Close coordination, partnership, and transparency with CCOs and their actuaries were key to this successful process. A revised rate methodology and certification for 2015 was completed in August and the same methodology is used for the 2016 rates.

### **Did FamilyCare participate in the rate redevelopment meetings with CCOs?**

A representative from FamilyCare attended all group meetings. For 2015, FamilyCare attended five individual meetings and 16 group meetings, for a total of 21 meetings on 2015 rate development. For 2016, FamilyCare attended three individual meetings and six group meetings, for a total of nine meetings.

### **What is an overpayment?**

As defined in OAR 410-120-0000, overpayment “means a payment made by the Authority to a provider in excess of the correct Authority payment amount for a service. Overpayments are subject to repayment to the Authority.”

OHA contracts with coordinated care organizations specifically define overpayments as “Any payments received by Contractor from OHA under this Contract, and any other payments received by Contractor from OHA, or any other source to which Contractor is not entitled under the terms of this Contract shall be considered an overpayment and may be recovered by OHA from Contractor.”

### **Would the federal government cover the cost of a settlement?**

Federal dollars are not available to fund a settlement.