

## **OHA Rate Development Timeline**

### **July 2014**

OHA receives a corrective action from Centers for Medicare and Medicaid Services (CMS) stating that OHA needed to change its rate methodology and no longer use the cost template methodology.

### **Fall 2014**

The 2015 capitation rates are developed by OHA in-house actuaries using a CCO-specific methodology that was certified by OHA's internal actuary.

### **December 24, 2014**

CCOs received final 2015 rates included in their contracts for 2015. They had six days to sign without a comment period.

### **January 2015**

Eleven of Oregon's 16 coordinated care organizations sent a letter to Governor Kitzhaber saying 2015 rates are flawed. In particular, the issues were that the rates varied widely, without explanation, for 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 and provide input.

FamilyCare meets with OHA to object to rate methodology used in 2014 for 2015 rates.

### **March 2015**

FamilyCare notifies OHA that it believes the 2015 rates are not actuarially sound, need to be corrected, and made retroactive to January 1, 2015.

OHA convenes Oregon's all 16 CCOs 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. The effective date of those rates was not determined.

OHA received a letter from CMS that requested the certifying in-house actuary answer 103 questions regarding the original 2015 capitation rates.

### **April 2015 through August 2015**

At the request of Oregon's CCOs and with the consent of the Centers for Medicare and Medicaid Services, OHA began redeveloping 2015 rates, seeking not only to address the 2015 methodological issues but also to establish a solid financial foundation for Oregon's health system in 2016 rates and beyond.

OHA commits to hiring Optumas as its actuarial consultant to redevelop the 2015 rate methodology and the 2015 rates, as well as to develop a methodology that could be applied to future rates.

OHA, the coordinated care organizations, and Optumas make progress on developing the new methodology through a transparent, intensive process that included more than 100 meetings involving coordinated care organizations, OHA staff, and Optumas. Close coordination, partnership, and transparency with CCOs were key to this successful process. Revised rate methodology and certification for 2015 was completed in August and the same methodology was used for the 2016 rates. 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.

### **May 2015**

FamilyCare sues OHA, based on its March 2015 intent to file a lawsuit (before the new rate methodology was determined). The lawsuit demands that OHA re-develop the 2015 rates to satisfy federal law requirements that they be actuarially sound, and also demanded that OHA apply the re-developed rates retroactive to January 1, 2015.

### **July 13, 2015**

OHA and Optumas released the regional rate ranges to the CCOs for the redeveloped 2015 rates.

### **July 21, 2015**

OHA and Optumas released the payment rates within the rate ranges to each CCO. OHA chose the payment rate within the rate range, in conjunction with Optumas, after analyzing sustainable growth targets of 3.4% and waiver requirements. At this time, OHA had scheduled meetings with CMS to discuss the effective date of the rates.

### **July 27, 2015, and August 10, 2015**

OHA had calls with CMS to discuss the effective date of the redeveloped rates. CMS advised OHA their preference was to approve only one rate methodology for 2015. CMS also verbally acknowledged that the redeveloped rates were consistent with CMS Office of the Actuary regulations and proposed rules.

### **August 19, 2015**

OHA and Optumas released the payment rates within the rate ranges to each CCO with an effective date of January 1, 2015.

The agency accomplished both requirements of the FamilyCare lawsuit with its August rate setting: 1) actuarially sound rates; and 2) retroactivity to January 1, 2015.

### **August 21, 2015**

OHA received a formal letter from CMS regarding the redeveloped rates and the preferred effective date of January 1, 2015.

### **August 28, 2015**

OHA submitted the 2015 redeveloped rate methodology, certification, and rates to CMS for review and approval. The actuarial certification and contract rate sheets are available on the OHP rates website at <http://www.oregon.gov/oha/analytics/Pages/OHPrates.aspx>.

### **August 31, 2015**

CCOs received their executable 2015 contract amendment with the redeveloped 2015 rates.

### **September 2015**

Legislative days focus on rates and health system transformation. CCOs see 2016 rate ranges.

### **October 2015**

Fifteen out of 16 CCOs sign their 2015 contract amendments containing redeveloped rates. These annual amendments are required in the CCOs' contracts.

### **November 2015**

FamilyCare fails to sign the 2015 contract amendment containing redeveloped rates. CMS sends letter signaling intent to approve 2015 redeveloped rate methodology, certification, and rates; OHA begins mediation with FamilyCare. OHA sends Letter of Interest request to certified CCOs to ensure members are served in 2016 regardless of the lawsuit. FamilyCare confirms it is interested in serving members in 2016. OHA sends CCOs 2016 contracts with 60-day notice.

### **December 2015**

The Centers for Medicare and Medicaid Services approve the 2015 redeveloped rate methodology, certification, and contracts. OHA continues mediation efforts with FamilyCare. FamilyCare signs the 2016 contract, which is based on the same methodology as the 2015 rates.

### **February 2016**

OHA receives a letter from CMS regarding FamilyCare's unapproved and unapprovable 2015 and 2016 contracts. The CMS letter indicates that FamilyCare's refusal to accept the rates approved by CMS have put at risk the state's ability to draw down federal funds for 2015 and 2016.

### **March 2016**

OHA reviews FamilyCare's proposal and concludes that it would: 1) violate CMS-approved 2015 and 2016 rate methodologies and certifications (OHA has not yet received CMS approval of the 2016 rate methodology and certification, but anticipates it based on the similar, approved 2015 rate methodology); and 2) treat FamilyCare differently in regard to payment, which violates trust and transparency with other CCOs and CMS. For these actuarial, financial, and policy reasons, OHA does not accept FamilyCare's proposal.

The Oregon Health Authority issues a 14-day breach of contract notice to FamilyCare to resolve the overpayment in rates FamilyCare received for 2015. OHA requests that FamilyCare sign the 2015 contract amendment; repay the overpayment; and withdraw its lawsuit.

***Definition of 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 Coordinate 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.”