Health-Related Services Reporting Summary: 2018 CCO Expenditures

Introduction

All CCOs are required in their 2018 contracts with OHA to submit quarterly and annual reports of their expenditures on health-related services (HRS). The 2018 quarterly reporting template includes dollars spent and number of members served. The 2018 annual reporting template solicits detailed descriptions of HRS.

As a part of CCOs' 2018 quarter one (Q1) HRS reporting, some CCOs also submitted their annual reporting template for HRS expenditures. OHA reviewed that Q1 reporting, along with the 2018 annual reports, to develop this document for all CCOs, which provides 1) themes on HRS spending; 2) guidance on whether expenditures meet HRS criteria and 3) guidance on how to submit sufficient details for expenditures to qualify as HRS.

The guidance in this document is intended to give all CCOs an opportunity to optimize their HRS expenditure reporting prior to submitting the required annual financial reports on April 30, 2020. The way that CCOs report their 2020 HRS spending will affect their Performance-Based Reward, which will be included in 2022 rates (additional detail provided below). It is also important to note that because the 2020 CCO capitation rates have already been established, neither the content of the summary findings below, nor whether CCO HRS expenditures were confirmed as meeting HRS criteria, will affect the 2020 capitation rates.

OHA HRS Guidance

OHA has provided guidance on HRS in the form of an HRS Brief, a Frequently Asked Questions guide, an HRS and housing guide, and a CCO Guidance for Exhibit L Financial Reporting Template communication; additional HRS guidance briefs will be developed by the OHA Transformation Center.

HRS are defined in 45 Code of Federal Regulations (CFR) 158.150: Activities That Improve Health Care Quality and in Oregon Administrative Rules (OAR) 410-141-3845: Health Related Services, which have been updated and are effective January 1, 2020. OHA recommends referencing these rules when determining if expenditures meet the criteria for health-related services.

HRS Expenditure Type Guidance

Based on its assessment of expenditures for HRS criteria, OHA has additional guidance regarding whether the following reported 2018 HRS expenditure types would typically meet all HRS criteria:

1. **Conferences, brand promotion or fundraising events**
    a. Some CCOs reported expenditures on sponsoring community events or fundraising events for non-profit organizations. Fundraising events do not meet the definitions of 45 CFR 158.150 paragraphs (a) or (b), and are therefore excluded by 45 CFR 158.150 (c) 14. Federal rule (45 CFR 158.150 (c) 11) states that marketing expenses are excluded from the definition of activities that improve health care quality, and therefore do not meet the definition of HRS.
2. **Construction of new diagnostic facilities**
    a. Some expenditures were reported for use in building a diagnostic facility. Although there may be a community need, and the facility may result in lower-cost services, constructing new facilities that can bill for covered services is considered an administrative expense, and not considered an HRS.
3. **Construction of new shelters or housing facilities**
    a. Some expenditures were reported for use in building additional space in a temporary shelter. While housing-related services do meet the definition of HRS, costs associated with building new permanent structures are prohibited by federal Medicaid guidance. Please refer to the HRS resources and guidance

published by the Transformation Center for additional guidance on housing and HRS. CCOs are encouraged to explore braided funding models wherein HRS can be used to fund services in facilities that were constructed with non-Medicaid funding.

4. **Hiring clinic staff**
    a. Some expenditures were reported to hire a staff person such as an immunization nurse or a nutritionist in a public health clinic. If the staff person provides both covered and non-covered services, costs for the non-covered services should be documented as HRS, but the staff salary should not be.
5. **Education for staff**
    a. Some CCOs reported expenditures on conferences or educational events for internal staff members. "Training and education for health improvement or management" is a type of HRS expenditure that is intended to provide training and education to CCO members. Staff trainings would generally be considered an administrative expense.
6. **Other non-covered health services (services that are not covered by the Oregon Health Plan)**
    a. CCO expenditures on non-covered services do meet the definition of HRS Services. They are considered Flexible Services, provided to individual CCO members.
    b. Expenditures on other non-covered health services that were reported under the heading of Community-Benefit Initiatives, rather than under the heading of Flexible Services, do not meet the HRS definition. "Other non-covered health services" can be applied to individuals only, which does not meet the definition of HRS Community Benefit Initiatives.

HRS Expenditure Reporting Guidance

The following information outlines why some 2018 HRS expenditures were not confirmed as meeting all HRS criteria:

1. **Missing required data.**
    a. When required columns are left blank, OHA is not able to assess if the expenditure meets all HRS criteria.
    b. Flexible service expenditures were often missing the "number of members directly receiving.". Flexible service expenditures are defined as member-level services and must have a record of how many members received the service.
2. **Insufficient rationale to justify the expenditure.**
    a. When the rationale has insufficient details, OHA is not able to assess if the expenditure meets all HRS criteria.
3. **Insufficient expenditure details to know how the money was spent.**
    a. Some CCOs reported expenditures on categories of services without specifying what services were provided. Reported categories of expenditures such as "Training and education for health improvement or management" or "Assistance with food or other social resources" require additional description of the services provided. Without those description details, OHA is not able to confirm that the expenditure meets all HRS criteria.
    b. Some reported expenditures were a total dollar amount given to a non-profit organization without identifying the services or target population. While some non-profit organizations may improve health care quality for individuals or the community, not all are required to do so, and they may have a mission and services that are greater in scope. Expenditure reports must include a description of the services provided and the target population for OHA to accurately assess if the expenditure meets all HRS criteria.

   c. Some reported expenditures were a total dollar amount given to a vendor other than a non-profit organization (for example, Safeway or Department of Motor Vehicles) without identifying the services provided. Expenditure reports must include a description of the services provided, not just the vendor receiving payment, for OHA to assess if the expenditure meets all HRS criteria.
   d. Some reported expenditures appeared to potentially be billable services. Without enough details in the description and rationale, OHA is not able to confirm whether these are non-covered services that qualify for HRS.

4. **Expenditures did not meet HRS criteria.**
   a. Expenditure was for something for which CMS has issued guidance stating Medicaid funds should not be used (for example, brick and mortar, or long-term rent payments).
   b. Necessary expenditures to perform contractual duties of a CCO (for example, staff training) that should be characterized as administrative costs.

The following reporting practices will help ensure that OHA has enough information to confirm that expenditures met all HRS criteria:

1. All required columns listed in the CCO Guidance for Exhibit L Financial Reporting Template are completed.
2. Sufficient level of expenditure details is provided. For example, a donation to a non-profit includes details on the non-profit's services provided and the target population.
3. Sufficient rationale of expenditures is provided. Both examples below include sufficient and clear rationale:

EXAMPLE OF AN EXPENDITURE WITH A CLEAR RATIONALE FOR AN EVIDENCE-BASED PRACTICE

PAX Good Behavior Game is an evidence-based, SAMSHA-endorsed framework for increasing student self-regulation and creating nurturing environments within schools and youth programs. The social emotional and academic returns on this investment have been proven over the past two decades and is resulting in reclaimed instructional time, workforce rejuvenation, and student success measures in cognitive and emotional skills. This expenditure encompassed initial trainings to provide the basic skills needed to implement the PAX framework in schools and other youth serving settings.

EXAMPLE OF AN EXPENDITURE WITH A CLEAR RATIONALE FOR A WIDELY-ACCEPTED PRACTICE

The expenditure provides transportation not covered by Non-Emergent Medical Transportation to improve access to care. Without access to care, health will deteriorate.

4. The number of members directly receiving the benefit is provided for all Flexible Services expenditures.
5. Expenditures are grouped to avoid redundancy in line items, but maintain enough description to properly explain the expenditures. For example, the same Flexible Services expenditure provided to multiple members can be aggregated in one expenditure line.

For additional guidance on submitting sufficient detail on HRS expenditures, see the CCO Guidance for Exhibit L Financial Reporting Template communication from the OHA Actuarial Services Unit.

Themes Across CCOs and HRS Expenditures

HRS Expenditure Confirmation Rates

Overall, approximately half of all HRS expenditures from Q1 2018 were confirmed as meeting HRS criteria, while the other half either did not qualify as HRS or were missing sufficient details to allow OHA to appropriately assess the expenditure (full details available in Charts 2, 3 and 4 below). While the percent of expenditures confirmed as meeting HRS criteria does not affect CCOs' medical loss ratio (MLR) or capitation rates in 2020, Exhibit L expenditures for 2020 that are not confirmed as meeting HRS criteria will affect CCOs via the performance-based reward (PBR), which will be a component of the 2022 rates. The intended impact of the PBR is to improve the delivery of benefits to CCO members, including more efficient use of medical services, increased delivery of high-value services and increased use of HRS that improves member health.

Chart 2

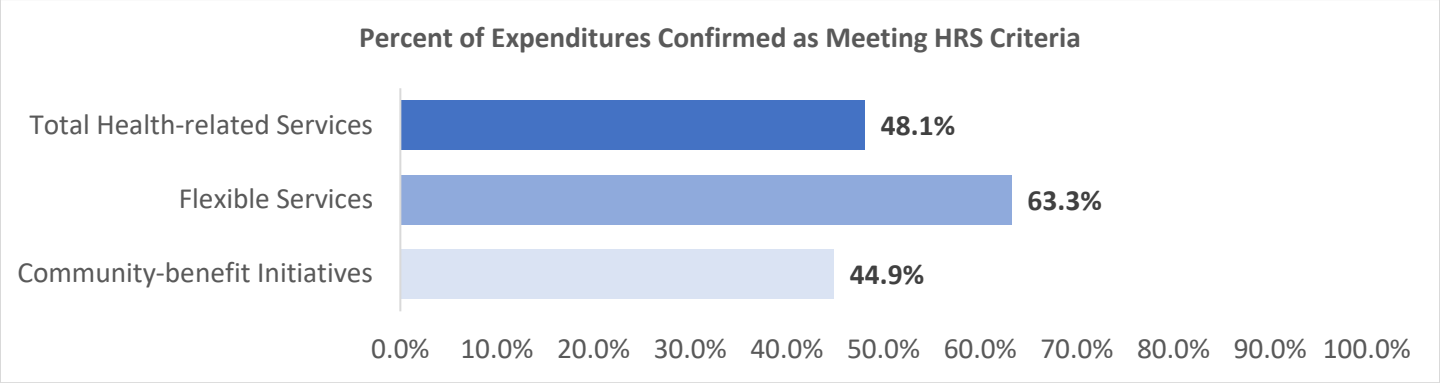

Chart 3

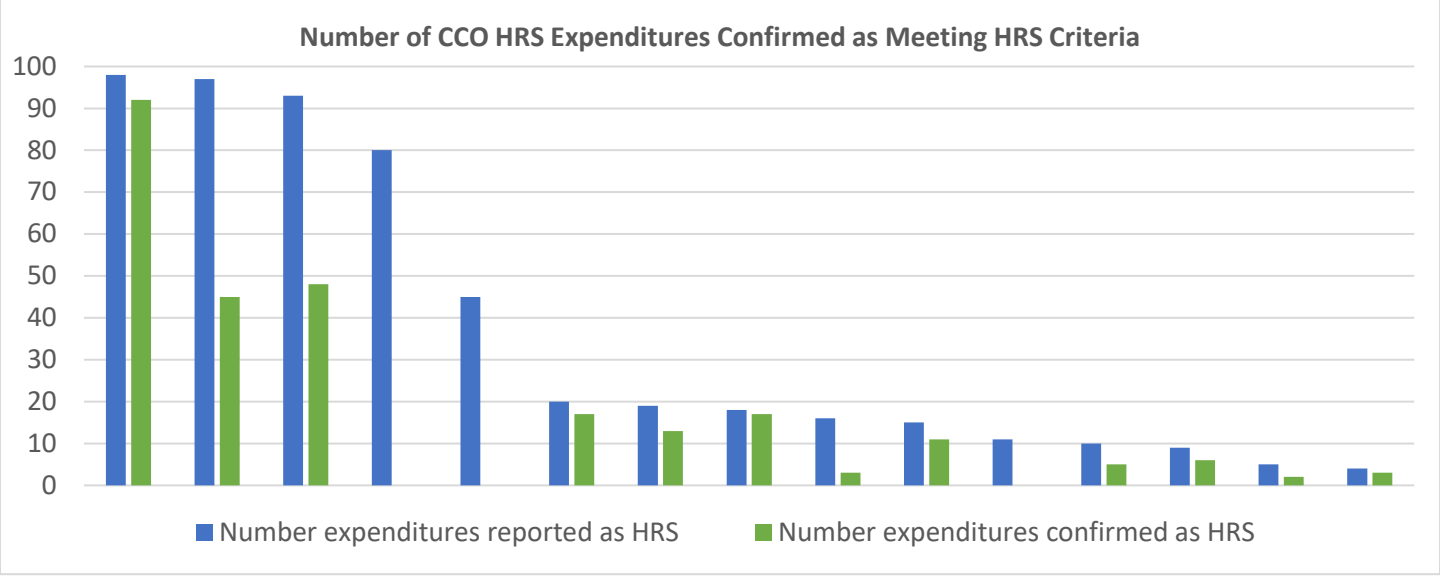

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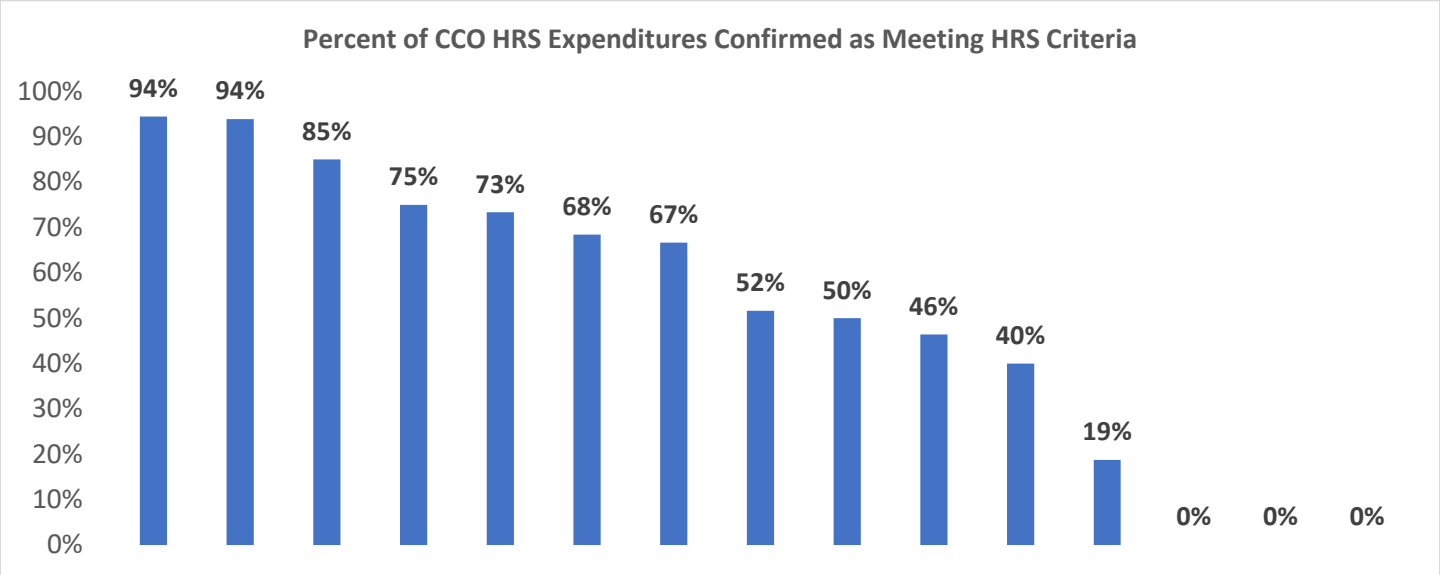
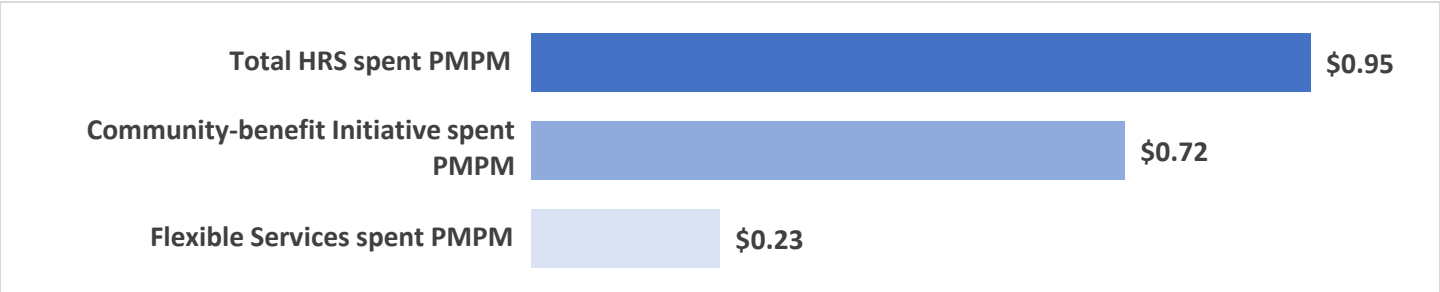
Chart 4



HRS Expenditures Per Member Per Month

Across all CCO spending, HRS expenditures confirmed as meeting criteria only accounted for $0.95 per member per month (PMPM). Community-Benefit Initiatives account for the majority of that spending as seen in Chart 5 below.

Chart 5



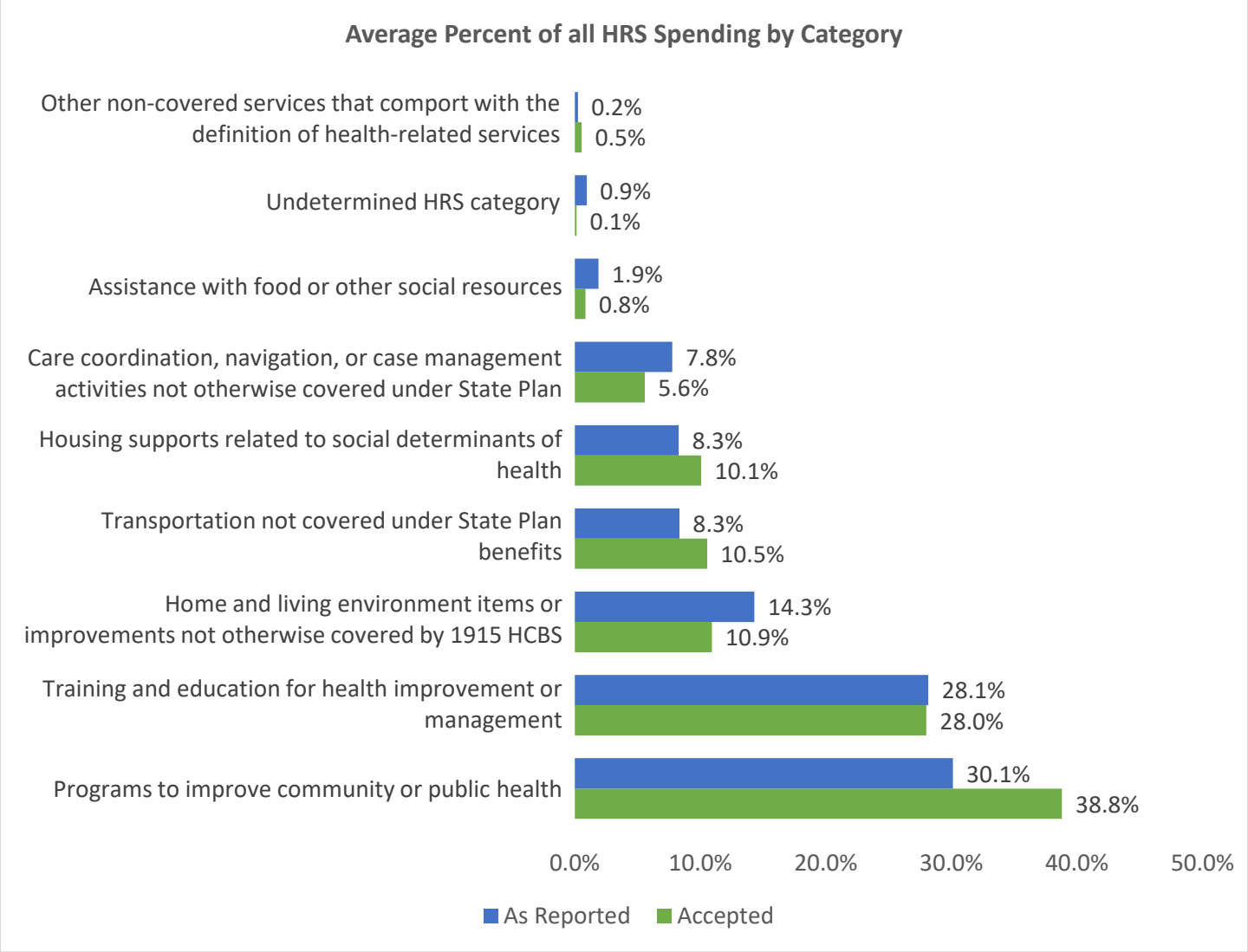
Flexible Services and Community-Benefit Initiatives Reported

Overall average of HRS expenditures across CCOs were fairly evenly split across Flexible Services (47.4%) and Community-Benefit Initiatives (55.5%). However, of the total amount spent on HRS expenditures, three times more was spent on Community-Benefit Initiatives (76%) than on Flexible Services (24%). Community-benefit initiatives were a larger portion of the total HRS expenditures because across CCOs, Community-Benefit Initiatives had higher dollar amounts, even though they were spent on fewer discrete services. Out of 254 properly reported expenditures, 62.6% (or 159 expenditures) were Flexible Services while 37.4% (or 95 expenditures) were Community-Benefit Initiatives.

Categories of HRS Expenditures Reported

Across CCOs, the three most common categories for confirmed expenditures were programs to improve community or public health (38.8%), training and education for health improvement or management (28.0%), and home and living environment items or improvements not otherwise covered by 1915 Home and Community Based Services (HCBS) (10.9%). The least common category was assistance with food or other social resources (0.85%). Full details are available in Chart 1 below.

Chart 1



Most Common HRS Expenditures

Across all expenditures, the most popular included:

- Gym memberships for health and lifestyle changes
- Short-term rental assistance with deposits or payments
- Transportation services for medically related needs not otherwise covered by non-emergent medical transportation
- Temporary housing to ensure patients are prepared for medical treatment and/or recovery
- Materials to assist with individual care needs (for example, weighted blankets, cribs, athletic shoes, air conditioners, art supplies)
- Donations to local organizations to promote education services within community or to help provide resources to community members (for example, backpack donations, toothbrush kits donations)
- Donations to local organizations that assist at-risk populations to ensure stable environments and increase personal success (for example, transitional housing, resume assistance)

- Donations to schools or related organizations to assist with educational activities and lessons for children in the community setting

Individual CCO Expenditure Assessment

Please refer to the spreadsheet provided along with this guidance for your CCO's expenditure assessment results. Within the file, column K is OHA's assessment of whether an expenditure was confirmed as meeting HRS criteria and column L provides feedback to the CCO. In addition, be sure to review the tables (columns B-E and J-K) below your expenditures that note the percent and total numbers of expenditures confirmed as meeting HRS criteria.

Next Steps for HRS Reporting

The goal of this guidance is to support improved HRS expenditure reporting of investments, which will in turn support more accurate rates and PBR. Starting in 2020, the following will be the process for OHA to assess and provide assessment feedback to CCOs on their HRS expenditure reporting:

- April 30, 2020: CCOs submit Exhibit L report with annual HRS level detail covering 2019 spending.
- May – June 2020: OHA assesses 2019 HRS expenditures to confirm whether they meet all HRS criteria.
- May 15 – June 30, 2020: On a rolling basis, each CCO receives assessment and has two weeks to resubmit HRS expenditure updates for OHA to re-assess.
- No later than July 16, 2020: OHA finalizes HRS expenditure assessment decisions. Starting in 2021, based on assessment of 2020 HRS expenditures, the final OHA expenditure assessment decisions will inform PBR calculations.

HRS continue to evolve as CCOs explore new ways to meet the needs of their members . The guidance and feedback in this document will not only support future CCO HRS investments and reporting, but also CCOs and OHA working together to improve member and community health.

Questions?

For additional questions or guidance related to HRS expenditures, please contact the OHA HRS Team (Health.RelatedServices@state.or.us).