

# Oregon Health Plan

## Development of Plan-Specific MHO Capitation Rates

### General Process

- Multiply Statewide MHO capitation rates by
- Plan-specific adjustments
  - a. *Geographic Adjustments*
  - b. *Mental Health and Substance Abuse Payment System*
  - c. *Behavioral Rehabilitation Services (BRS)*
  - d. *Children's Intensive Mental Health Services (ITS)*

### Description of Adjustments

#### **a. Geographic adjustments**

Based on a policy decision made several years ago, the Geographic adjustments for mental health services are only applied to the Acute Inpatient category; all other services are paid based on the statewide average cost of services. The MHO geographic adjustment factors are developed in the same manner as the FCHP geographic adjustments. That is, the average inpatient costs per day are calculated by county based on each patient's county of residence. The distribution of each MHO's enrollees by county is applied to the average daily costs to develop weighted average costs per day for each MHO and rate region. These average costs per day relative to the statewide cost per day are the geographic adjustment factors applied to the statewide Acute Inpatient per capita cost.

#### **b. MHSAPS**

The Mental Health and Substance Abuse Payment System (MHSAPS) is a risk assessment and risk adjustment tool developed by researchers at the University of California San Diego to measure the expected resource use of each participant based on their particular demographic and mental health status.

MHSAPS-based risk adjustment factors are applied to all eligibility groups with the exception of Children aged 0-1, OAA, and OAA with Medicare. MHSAPS adjustments are also not applied to the costs of Children's ITS, Care Coordination Services, or CONS Assessments.

#### **c. BRS**

The BRS adjustment recognizes the extraordinary costs of serving this population and differences in the prevalence of these children among the plans. Children in BRS programs are predominantly in the SCF Children eligibility group; therefore, the BRS adjustment is limited to this population.

The calculated adjustment factor uses the relative distribution of children in the OYA (Oregon Youth Authority) and CAF (Children, Adults and Families)

BRS programs. The average costs and distribution of children differ significantly between these programs, and these differences are recognized in the risk adjustment methodology.

MHSAPS diagnostic risk adjustment is also applied in the development of the SCF Children capitation rates. To avoid double counting the relative risk of children in BRS programs, we developed MHSAPS risk adjustment factors only for children who were not in BRS programs; because data identifying these children was limited to CY 2005, we similarly limited the MHSAPS risk adjustment development to CY 2005 for the SCF children. Risk adjustment factors were separately developed for children in BRS programs that reflect the relative cost and distribution of these children among the MHOs. Blended risk adjustment factors were then calculated for the SCF Child eligibility category.

**d. ITS**

The ITS adjustment recognizes the extraordinary costs of serving this population and differences in the prevalence of these children among the plans and in the geographic availability of facilities and services required by this population. ITS adjustment factors are calculated for the following eligibility categories which contain the vast majority of ITS-eligible individuals: Children Aged 1 – 5, PLM, Children Aged 6 – 18, ABAD without Medicare, and SCF Children.

**Adjustments Factors**

The following table summarizes the eligibility categories to which each adjustment applies.

<b>ELIGIBILITY GROUP</b>	<b>GEOGRAPHIC</b>	<b>MHSAPS</b>	<b>BRS</b>	<b>ITS</b>
TANF Adults	Yes	Yes	No	No
PLM Adults	Yes	Yes	No	No
Children 0-1	Yes	No	No	No
Children 1-5	Yes	Yes	No	Yes
Children 6-18	Yes	Yes	No	Yes
AB/AD with Medicare	Yes	Yes	No	No
AB/AD without Medicare	Yes	Yes	No	Yes
OAA with Medicare	Yes	No	No	No
OAA without Medicare	Yes	No	No	No
SCF Children	Yes	Yes	Yes	Yes
OHP Families	Yes	Yes	No	No
OHP Adults and Couples	Yes	Yes	No	No