Review of Medicaid spending programs

Learn more about community spending programs from OHA

Updated November 2024

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Background

The Oregon Health Authority (OHA) Transformation Center is committed to advancing efforts on social determinants of health and equity (SDOH-E) across the state. To this end, the Transformation Center, in partnership with OHA's Health Systems Division and Oregon's coordinated care organizations (CCOs), manages three programs that address members' and communities' needs. This includes investments in SDOH-E in community partners in CCOs' service areas.

The Transformation Center is the hub for innovation and quality improvement for Oregon's health system transformation efforts to achieve better health, better care and lower costs for all. The Transformation Center identifies, strategically supports and shares innovation at the system, community and practice levels. Through collaboration, the Transformation Center promotes initiatives to advance the coordinated care model. The Transformation Center contracts technical assistance for some of these programs to the Oregon Rural Practice-based Research Network (ORPRN). ORPRN administers a wide range of technical assistance in partnership with the Transformation Center through webinars, learning collaboratives, guidance documents and one-on-one support for CCOs.

This document provides OHA staff an overview of three Medicaid spending programs that allow CCOs flexibility in addressing members' and communities' needs. This document includes descriptions of the three programs, implementation and timeline details, minimum requirements, community involvement, policies and program contact information.

Health-related services (HRS)

Health-related services (HRS) complement Oregon Health Plan (OHP) covered services to improve member and community health. There are two categories of HRS:

- **Flexible services**, which are cost-effective services offered to an individual member to supplement covered benefits, and
- **Community benefit initiatives**, which are community-level interventions focused on improving population health and health care quality. These initiatives can include but are not necessarily limited to members. This can include spending related to health information technology and meaningful use requirements to improve health care quality.

Learn more about HRS on the OHA HRS webpage.

Program origins

Oregon's 1115 OHP Demonstration Waiver gives CCOs the flexibility, through an integrated global payment for each member, to offer HRS to improve member health. These HRS are known as flexible services. HRS also includes community-level investments. The current waiver sets criteria for HRS using Title 45 of the Federal code (45 CFR 158.150 and 45 CFR 158.151), while CCO Contract (Exhibit K, Section 9) and Oregon Administrative Rule (OAR 410-141-3845) set other HRS programmatic requirements.

Program implementation and reporting

CCOs are not required to offer HRS, though all CCOs do. CCOs determine how they administer and distribute funds. All HRS expenditures must meet HRS criteria outlined in state and federal policy (details linked above). While CCOs aren't required to spend on HRS, it does count favorably toward their Medical Loss Ratio (MLR) and is included in their performance-based reward for CCO capitation rates. Minimum MLR requirements help ensure that CCOs spend a large enough proportion of their Medicaid budgets on member related services; for more detailed information on what is included in the MLR, see Minimum Medical Loss Ratio Rebate Calculation Report Instructions.

All CCOs offering HRS must also submit policies and procedures for HRS implementation (these are on the OHA HRS webpage). A CCO's HRS policies and procedures must:

- Promote alignment between HRS and the CCO community health improvement plan (CHP) priorities;
- Ensure Tribes and CCO community advisory councils (CAC) have a role in HRS community benefit initiative spending decisions;
- Encourage transparent and accessible HRS information to members and the community; and
- Outline an accessible request process that does not place undue burden on the requester.

CCOs are required to report all HRS spending in their annual Exhibit L Financial Report submission. Exhibit L is the annual financial reporting template for CCOs. There are two reporting opportunities for HRS:

- **Optional** Quarter Two (Q2) submission: OHA reviews optional Q2 spending details against HRS criteria and provides a single round of feedback to CCOs. CCOs may use that feedback to fine tune HRS spending details before the annual submission. CCOs may also request a meeting with HRS staff to ask questions about the OHA feedback.
- **Required** annual submission: OHA reviews the annual spending details against HRS criteria and provides a single round of feedback to CCOs. CCOs may attend the HRS team's reporting-specific office hours or reach out directly to the HRS team with questions about the feedback. After that, CCOs have one opportunity to submit additional information to OHA before OHA makes final determinations about spending meeting HRS criteria. HRS spending that does not meet HRS definitions is excluded from performance-based reward.

The Transformation Center publishes a CCO HRS spending summary annually. This summary analyzes all CCO HRS spending and type of spending to increase transparency, alignment and collaboration across the state. Find CCO HRS spending summaries on the OHA HRS webpage.

Technical assistance for program implementation is offered by ORPRN in partnership with the Transformation Center. Technical assistance is for CCO audiences to support their successful HRS implementation. CCOs may provide their own technical assistance to providers, care teams, government and social service agencies, and other community partners, but are not required to do so.

Program changes

Changes to HRS are informed by input from members and providers, CCO staff and leadership, and OHA's Medicaid Advisory Committee, Ombuds Program and Community Partner Outreach Program.

Centers for Medicare and Medicaid Services (CMS) must approve any changes to HRS criteria or the parameters for including HRS in MLR calculations and performance-based reward for capitation rate setting. The current pathway for changes to OHA HRS policy, CCO HRS policy requirements and CCO HRS reporting requirements is:

Community engagement includes: CCO feedback collected through various CCO work groups led by OHA, office hours, direct communication with OHA HRS team, webinars and technical assistance. Provider and member feedback is collected through direct communication with the OHA HRS team, through member advocates and through the Ombuds Program.

Key links and program contacts

View the OHA HRS webpage for the most recent, detailed guidance about program implementation.

Send questions and feedback to the HRS email: health.relatedservices@oha.oregon.gov

Supporting Health for All through REinvestment (SHARE)

Supporting Health for All through REinvestment (**SHARE**) comes from a state legislative requirement for CCOs to invest some of their net income or reserves back into their communities. After meeting minimum financial standards, CCOs must spend a portion of their net income or reserves on services to address health inequities and SDOH-E.

SHARE spending must be aligned with community priorities from the CHP, include a decision-making role for the CAC and SHARE dollars must fund SDOH-E efforts. Learn more about SHARE on the OHA SHARE webpage.

Program origins

In 2018, House Bill 4018, Section 3, 1(b)(C) required CCOs to spend a portion of annual net income or reserves that exceed minimum financial requirements on addressing health disparities and social determinants of health consistent with the CCO's CHP. In 2019, Senate Bill 1041, Section 57, 1(b) modified minimum financial standards used to determine CCOs' SHARE participation. OAR 141-414-3735 set SHARE definitions and requirements, including the formula used to calculate CCOs' minimum SHARE obligation.

The Oregon Health Policy Board set the statewide priority area for SHARE, currently housing-related supports and services. The Medicaid Advisory Committee created the definitions of "social determinants of health" and "social determinants of equity." These groups informed how the SHARE program was implemented.

Program implementation and reporting

A CCO's SHARE dollars must:

- Align with community priorities in the CCO's current CHP;
- Include any statewide priorities for SHARE spending that are identified in the contract between CCOs and OHA;
- Include a decision-making role for the CCO's CAC;

- Involve community partnerships, with a portion of dollars going to SDOH-E partners; and
- Support SDOH-E efforts which is defined by OAR 141-414-3735.

The amount CCOs must spend on SHARE (known as their SHARE obligation) is determined after a CCO exceeds minimum financial reserve requirements. The required amount is calculated from either a percentage of average adjusted net income or a portion of their dividends paid. For more detail, see the SHARE Initiative Guidance for CCOs. CCOs may also spend more than what's required. After CCOs decide how much to spend on SHARE (called their SHARE designation), CCOs determine how to implement and administer SHARE funds, along with what resources or support for community partners they offer. Some CCOs offer competitive grant funding opportunities with SHARE funds, while others support community partners using more targeted outreach.

SHARE has included two annual CCO reports:

1. **SHARE spending plan:** CCOs meeting the minimum requirements for SHARE investments submitted an annual SHARE spending plan in years 2021, 2022, 2023 and 2024. The plan included: their SHARE designation amount, which SDOH-E domains the spending plan addresses, how the plan aligns with the CHP, the CAC's role in decision-making, how the plan addresses the statewide priority, which SDOH-E partners will receive SHARE funds and how funding decisions were made. SHARE spending plans are available on the OHA SHARE Initiative reports webpage.
2. **SHARE spending report:** Annual SHARE spending reports show how CCOs spent their prior calendar year's SHARE designation. Beginning in 2024, SHARE spending reporting is integrated in Exhibit L (L6.71). Because CCOs have three years to spend down each year's SHARE contribution, the reports may not reflect the full funding from any one year's spending plan. If CCOs weren't required to participate or didn't spend any SHARE funds in a given year, they are not required to submit a spending report in the next year. SHARE spending reports are available on the OHA SHARE Initiative reports webpage.
    - Exhibit L (L6.7) also includes the SHARE formula, where CCOs calculate their obligations and report their designations.

The Transformation Center manages SHARE. This has included review, feedback and approval of CCOs' annual SHARE reporting and annual guidance and reporting updates. The Transformation Center has also provided CCO technical assistance with support from ORPRN, including publishing a summary of CCO SHARE spending. The goals of this summary are to increase transparency and awareness of CCO community spending and provide CCOs with examples to support future SHARE spending.

Technical assistance may include office hours, one-on-one consultation, webinars, learning collaboratives, peer sharing and an annual convening.

Program changes

Changes to the SHARE program may be made in a variety of ways depending on the type of change.

- **Program direction:** Legislation could require changes to the program.
- **Program definitions and requirements:** The Rules Advisory Committee process could change the SHARE definitions or the SHARE formula in Oregon Administrative Rule.
- **Reporting or deadlines:** CCO contract change or guidance updates from OHA could change reporting requirements or deadlines.

Changes to SHARE may start at a different step depending on the type of change, but will follow this pathway:

Key links and program contacts

View the OHA SHARE webpage for the most recent, detailed guidance about program implementation. CCOs' SHARE reports can be found on the SHARE Initiative reports page.

Send questions and feedback to the Transformation Center email: Transformation.Center@odhsoha.oregon.gov

In lieu of services (ILOS)

In lieu of services (ILOS) are services the state determines are medically appropriate and cost-effective substitutes for covered benefits under the State Medicaid Plan. ILOS must meet federal requirements outlined in 42 CFR 438.3(e)(2).

- ILOS are typically provided in alternative settings and/or by alternative providers;
- ILOS are meant to promote access to services in culturally responsive ways;

- ILOS can be an immediate or longer-term substitute;
- CCOs are not required to offer ILOS to members; and
- CCO members are not required to use ILOS.

Program origins

ILOS was first approved for use in Oregon in 2022 and first available for CCO implementation in 2023. ILOS is defined in Federal Law (42 CFR 438.3(e)(2)); CCO contracts (Exhibit B, SOW, Part 2, Section 11); and must be consistent with provisions in Oregon Administrative Rules (OAR 410-141-3820).

ILOS connects to OHA's larger vision for health system transformation:

- Improving access to services in a more culturally responsive manner;
- Enhancing care coordination for high-need or traditionally underserved members; and
- Reducing hospital care, nursing facility care and emergency department use.

Program implementation and reporting

ILOS must be approved by the state and by CMS. The most recent list of approved ILOS in Oregon, which are included in CCO contracts, are available in the ILOS Program Overview. See Program Changes below for details on the ILOS development and approval process.

CCOs may choose to offer one or several of Oregon's approved ILOS to their members, but they're not required to. CCOs are encouraged to work with their clinical and community-based partners to determine which ILOS may be appropriate and useful to their members.

Before ILOS is offered to members, CCOs must meet certain implementation requirements, like including the service(s) in their member handbook and notifying members appropriately. Other necessary steps include contracting with ILOS providers, adding them to provider directories and setting up billing and reporting processes. CCOs may choose to offer any approved ILOS at any point in a calendar year after implementation requirements are met.

ILOS can offer some flexibility in what and how billing information is collected from ILOS providers without infrastructure to submit traditional Medicaid claims. Regardless of the billing pathway used, CCOs must submit valid encounter data for ILOS. CCOs are also required to report aggregate ILOS spending information annually to OHA through the Exhibit L Financial Report, Reports L6, L18 and L18.1. OHA considers each CCO's ILOS utilization and costs in developing the medical component of their capitation costs. Learn more about ILOS billing and reporting in the ILOS billing and reporting guide on the OHA ILOS webpage.

The Transformation Center, in partnership with ORPRN, offers technical assistance to CCOs to support ILOS implementation. This may include webinars, office hours, guidance documents and topic-specific design sessions.

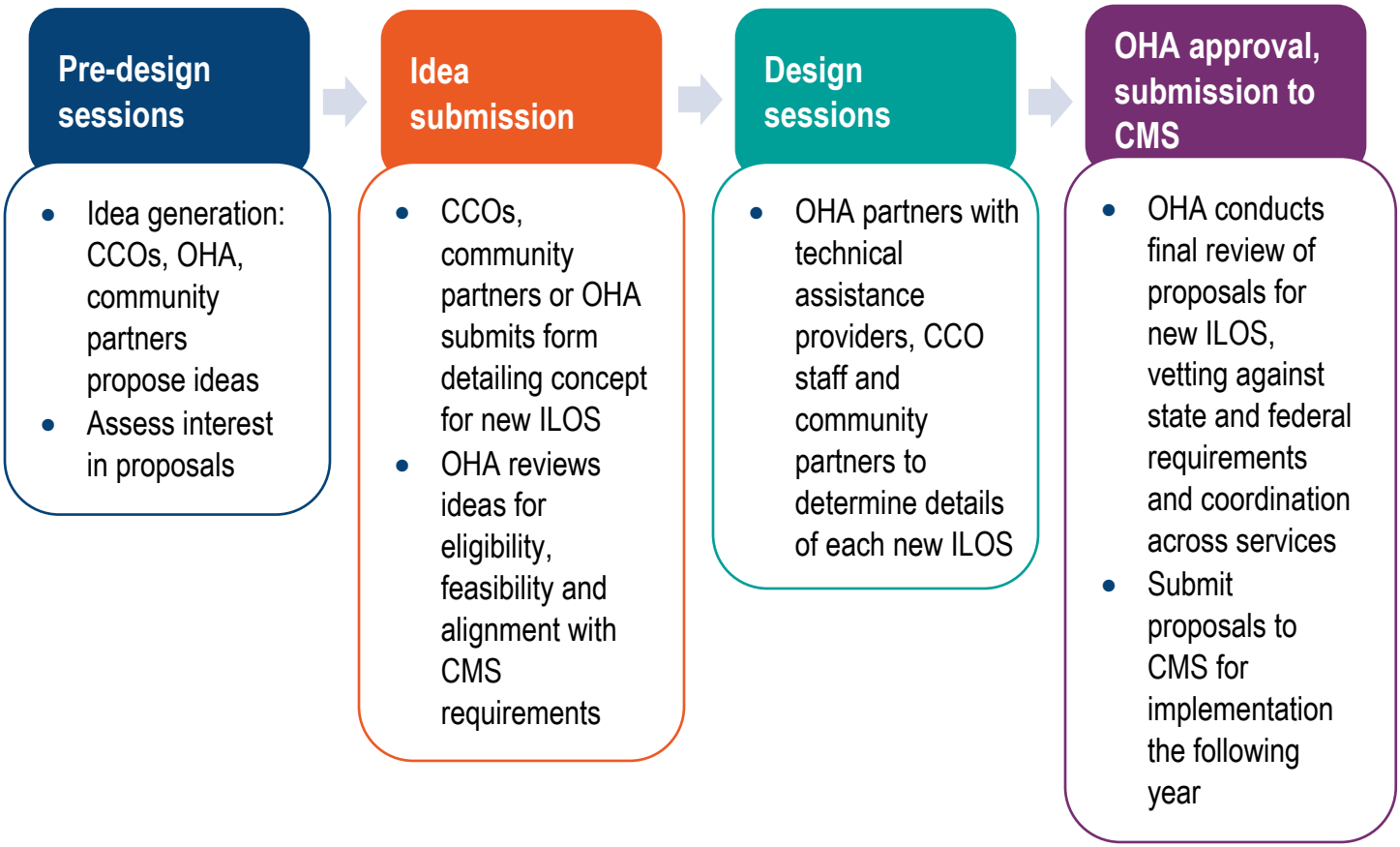
Program changes

There are two primary ways the ILOS program can change: changes to program definitions and requirements or changes to Oregon's approved ILOS available for CCO implementation.

Changes to program definitions and requirements: Federal changes to ILOS program definitions, requirements could occur at any time from CMS, impacting Oregon's and subsequent CCOs' understanding and implementation.

Changes to Oregon's approved ILOS:
Annually, OHA can propose changes or additions to Oregon's approved ILOS to CMS. Proposed changes or additions are developed collaboratively with OHA staff, CCOs, community partners and technical assistance providers in a process called ILOS design. See ILOS design season elements below for details on the process.

ILOS design season elements



The design and approval process usually takes just over a year for a new ILOS to become available. For example, if pre-design sessions begin in November 2024, the new ILOS could be available at the start of 2026. ILOS approved by CMS are included in CCO contracts and available for CCO implementation.

Key links and program contacts

View the OHA ILOS webpage for more the most recent, detailed guidance about program implementation. ILOS technical assistance opportunities and resources are available on the ILOS technical assistance webpage.

See clarifying guidance from CMS on ILOS principles (2023).

Send questions and feedback to the ILOS email at ILOS.info@odhsoha.oregon.gov.

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