



Coalition for a Healthy Oregon



MEASURE: SB 725  
EXHIBIT: 8  
S. HEALTHCARE & HUMAN SERVICES  
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## **SB 725 – 1: Helping CCOs Invest in the Future**

*Give CCOs the confidence to make longer term investments in health which will have larger, long-term benefits to our state*

Over the last year Coordinated Care Organizations (CCOs) and the organization that helped formed them have invested hundreds of thousands of dollars and countless hours of staff time to create these innovative new organizations. While difficult to accomplish, especially with such an incredibly short time frame, these organization worked together to make the legislature’s vision of a transformed integrated system a reality.

As the CCOs are moving forward with a consortium of new partners, they are pursuing ways to provide services while limiting costs in the short term. While CCOs are finding ways to make the system more efficient, the only way they can sustainability bend the cost curve will be to make investments now which pay off in the long term.

The issue that CCOs face when entering contracts with the Oregon Health Authority is that they are required to do so annually. As a result of this short contract duration, it becomes difficult to justify long-term investments when there is no guarantee that they will continue to operate on a long-term basis.

SB 725 solves this issue by creating five year “evergreen” contracts where, if the CCOs reach their quality metrics by the end of the year, the contract with the state automatically renews. This is a common contract arrangement the state does with other contractors and it makes sense to do the same with the CCOs.

The evergreen contract also states OHA may only amend the contract once every 12 months which will establish consistency for CCOs as they are moving forward (with an emergency clause for funding changes put into place). As you may know, CCOs have had three amendments in first 5 months of their existence. These constant amendments caused a great deal of work and confusion as the establishment of CCOs was finalized. SB 725 will prevent this from happening in future which means CCOs can focus on what is most important: lower the costs of delivery while increasing preventative care.

Giving CCOs long term contracts will incentivize them to make long term investments and achieve the quality metrics. Achieving these goals is good for both the state budget and the Medicaid clients they serve.

CCOs are committed to making the transformation process a success. SB 725 will allow the state to commit to the CCOs.

**Please vote yes on SB 725**