



UO Riverfront Research Park
1800 Millrace Drive
Eugene, Oregon 97403

March 24, 2017

Dear Chair Greenlick and Members of the House Health Care Committee:

On behalf of Trillium Community Health Plan, "Trillium", I would like to respond to concerns raised by Mr. Charlie Swanson of Health Care for All in last Friday's committee hearing on **HB 2122**. Unfortunately, Mr. Swanson made allegations about Trillium, the care of our members, and our payment to providers that simply aren't true. We appreciate this opportunity to correct these statements for the Committee in writing.

Mr. Swanson's testimony falsely stated that Trillium denied clients services, held back money in reserves that should have gone to patient care and underpaid primary care providers. Each of these allegations are false and seriously misrepresent what was happening at Trillium, and across the state, in 2014-15.

First, I will address the allegations about patient access. We are all aware of the tremendous success in enrolling Medicaid-eligible beneficiaries that Oregon experienced in 2014. All the CCOs experienced larger than anticipated growth. Trillium worked to prepare for an influx of new members, but no one knew how rapid the uptake in enrollment would be. Before CMS approved fast track eligibility, the Oregon Health Authority (OHA) had projected our membership would increase by 27,000 members over a two-year period. Instead, our membership grew by that much in a matter of months. By 2015, Trillium's membership increased by 47%. Not surprisingly, this rapid growth required us to increase capacity.

In the early months, our local delivery system was overwhelmed, but we quickly responded by implementing our strategic "access to care" plan," which focused on maximizing use of the area's existing primary care provider base. Because the administrative costs of bringing on new patients is higher than established patients, payments to primary care providers were increased to help offset the administrative costs of new OHP members. In May 2014, Trillium issued a RFP offering \$500,000 in grant funding to one or more practices willing to redesign their practice to create patient capacity and accept additional OHP members. Recognizing that we needed to also create new provider capacity, Trillium provided \$900,000 to help Lane County open the Brookside Clinic at 7th and Chambers in Eugene which began seeing patients in August 2014. We also invested in consulting services to assist 13 local medical clinics improve work flow and efficiency so they could accept additional OHP members.

These strategies were successfully implemented and allowed us to provide assignment to nearly all unassigned members. By the end of 2014, 98.4% of our members were assigned to a primary care provider¹.

Trillium's response to that dramatic increase in members is a success story, and we have managed to improve quality of care in the region even while experiencing unprecedented growth. Under the coordinated care model, quality has steadily improved. For example, in 2011 only 21% of children were getting developmental screenings; in the first half of 2016 that increased to 59%. Emergency room visits are down by 15 percentage points and follow-up after a mental health hospitalization have increased by 11 percentage points since the 2011 baseline.

In April 2014, because of the access challenges in Lane County, OHA assigned new OHP members as "open card," fee for service (FFS) members for their physical healthcare. During that time, Trillium provided both behavioral and oral healthcare, and access to specialists for these members because we had capacity for those services.

In February 2015, when OHA assigned the FFS members to Trillium, we experienced another influx of new members and implemented a similar strategy as in 2014; by the end of 2015, 3.5% of our members were not assigned to a primary care provider even while our overall enrollment increased by 25%.

Second, Mr. Swanson claimed that Trillium kept some money in reserves that should have gone to providing care. Again, this is false. Trillium's reserves were increased from 2013 to 2014 to meet state regulatory standards and to provide protection for our rapidly expanding Medicaid membership.

Oregon, like most states, has established minimum statutory reserve requirements for their Medicaid managed care entities to ensure that medical claims are paid and that CCOs can withstand unanticipated events. Reserves are built up over time and are meant to protect against changes in utilization, changes in the market, medical inflation, or emergence of new high-cost drugs or devices. Trillium's reserves are subject to stringent, national risk-based capital (RBC) standards monitored by Oregon Division of Financial Regulation. Trillium's reserves are certified by an outside actuarial firm.

Further, Oregon's recently renewed 1115 demonstration waiver requires that Medicaid managed care entities rebate money to the state if their 3-year rolling medical loss ratio (MLR) is below 85%. This means that if the cost of providing medical care falls below 85% of what is paid to the CCO in capitation, the state gets back the difference between what the CCO spent and what would have been spent if the CCO had met the 85% requirement. CCOs can no longer retain more than 15% above their claims costs, effectively limiting the growth in retained earnings or reserves. Trillium's MLR in 2016 was 92.4%.

Third, Mr. Swanson alleged that Trillium underpaid primary care providers to artificially inflate company valuation. This statement is false. Primary care providers are a critical Trillium

¹ It is not unusual for up to 5% of a CCO's members to be unassigned in any given month because when new members come onto the plan they have 30 days to select a primary care provider.

partner, offering quality care to OHP members in our community. Trillium sets payment rates for primary care providers and specialists above what the state allows for fee-for-service reimbursement. In addition, Trillium has historically included primary care providers in a quality metric pool, sharing the state quality incentive dollars received on meeting their benchmark or improvement targets. To date, Trillium has retained 8% of the dollars earned meeting incentive metrics sharing the balance with our provider partners within 90 days of receipt, the majority distributed to primary care providers. By comparison, OHA recently suggested that 47% of quality pool funds paid to CCOs in 2015 remain unspent.²

We are proud of our service to our members, and grateful to the providers in our community who have a long history of stepping up to serve Oregon Health Plan patients. We have remained focused on creating capacity in our community to treat the whole person by addressing physical, behavioral and social determinants of health at the same time. Our goal continues to be focused on achieving demonstrable improvements in health outcomes and the health of the Lane County community. Ensuring that our members have adequate access to primary care services is at the heart of that goal. We look forward to working with your committee and would be happy to meet with you one-on-one to discuss any of the above issues or others as you work on the future of CCOs in Oregon.

Sincerely,

Debi Farr
Manager, Government Relations
Trillium Community Health Plan

² "Lessons Learned" CCO Recommendation Draft for 2018 Quality Metric Pool, February 2017 OHA rate work group.