

**SUBCOMMITTEE RECOMMENDATION**

**Oregon Health Authority  
Coordinated Care Organizations 2020 Capitation Rates Report**

---

On February 10th, the Human Services Subcommittee recommended acknowledging receipt of a report from the Oregon Health Authority on coordinated care organization 2020 capitation rates and how the 3.4% annual inflationary cap budgeted for the Oregon Health Plan is being met.

As required in a budget note, the Oregon Health Authority reports the average CCO capitation rate for 2020 increased by 3.9% compared to 2019. However, after adjusting for policy changes that impact the rate comparison, the net overall rate increase from a budget standpoint is lower and within the 3.4% inflationary threshold. The key issue impacting the rate comparison involves a federal policy change resulting in a portion of OHA's Hospital Reimbursement Adjustment payments to now be incorporated into the CCO rate structure. By adjusting for this budget-neutral change, the actual overall rate increase impacting OHA's budget is 1.9%.

The portion of the CCO rates funded by General Fund narrowly met the 3.4% growth cap. This increase is higher than the rate increase supported by total funds due to the rates for caseloads with low federal Medicaid match growing faster than the rates for the Affordable Care Act caseload, which receives a higher federal match.

OHA reports that no other parts of the agency's budget are being leveraged to support CCO capitation payments in 2020. OHA will submit a similar report later in the biennium comparing the 2021 rates to the 2020 rates.

The Human Services Subcommittee recommends approval.