



# House Behavioral Health & Health Committee: CCO “Net Income”

Josh Balloch, VP of Health Policy  
Wednesday, September 27, 2023



# Policy decisions and bad language usage have created confusion

Back in olden times of CCOs (and before)...CCOs were required to carry Restricted Reserves – That calculation was for \$20 in revenue the CCO carried \$1 in Restricted Reserves.

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CCO	1.0 Required Net Assets	2.0 Required RBC	Increase from requirements to reach 200% RBC	% Increase
CCO A	\$8,856,099	\$16,800,000	\$7,943,901	89.70%
CCO B	\$3,739,504	\$6,792,374	\$3,052,870	81.64%
CCO C	\$14,634,798	\$21,400,000	\$6,765,202	46.23%
CCO D	\$9,810,372	\$23,000,000	\$13,189,628	134.45%

Above were the required increases of sample CCOs after implementing the RBC requirements in on Jan 1<sup>st</sup> 2020.

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CCO	1.0 Requirement	2.0 Requirement	Increase in Restricted Reserve Req.	% Increase
CCO A	\$ 7,854,390	\$9,800,000	\$1,945,610	24.77%
CCO B	\$3,203,531	\$3,698,537	\$495,006	15.45%
CCO C	\$9,876,646	\$14,000,000	\$4,123,354	41.75%
CCO D	\$8,289,462	\$12,100,000	\$3,810,538	45.97%



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This is on top of CCO's requirements to hold an IBNR reserve as well

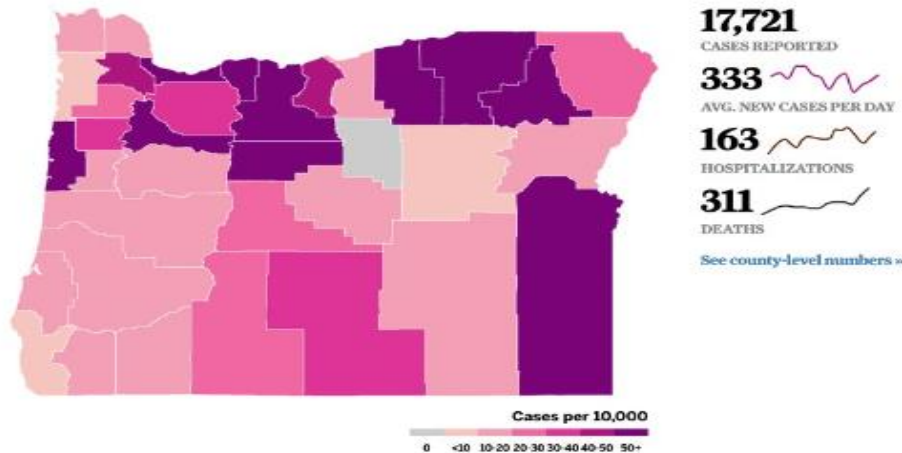


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## CORONAVIRUS

### Coronavirus in Oregon: 304 new cases and 8 more deaths, leaving state in deadliest stretch of pandemic

Updated: Jul. 30, 2020, 2:43 p.m. | Published: Jul. 29, 2020, 3:15 p.m.



Coronavirus in Oregon as of July 29, 2020.

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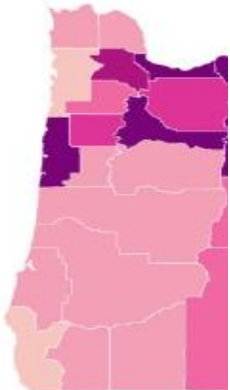


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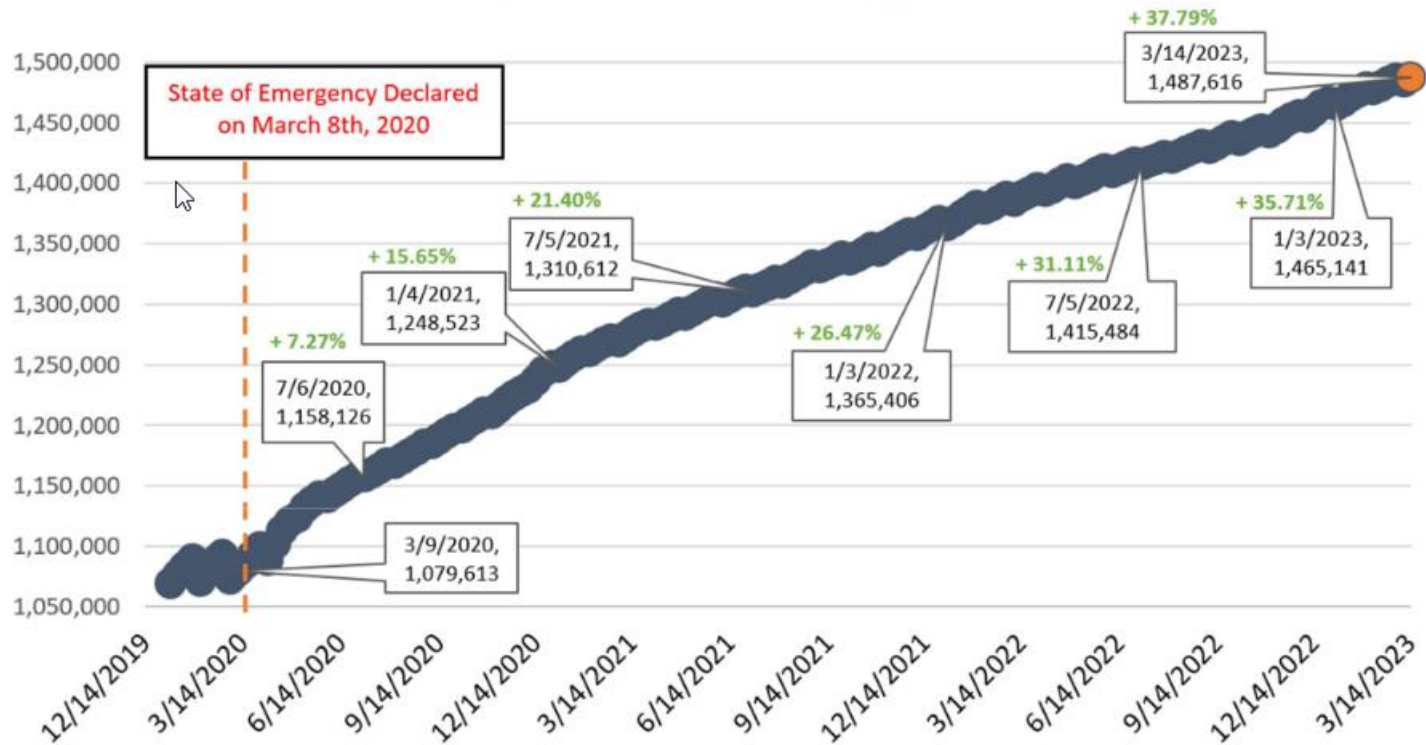


Coronavirus in Oregon as of July 29, 2020.

HEALTH SYSTEMS DIVISION  
*Oregon Health Plan*



### Total Oregon Health Plan (OHP) Enrollment



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The CCOs:

- Effectively had their reserve requirements doubled because of SB 1041
- Saw a 40% increase in membership because of the pandemic
  - That increase in members increased revenues
  - Increased Revenues = Increased Reserves



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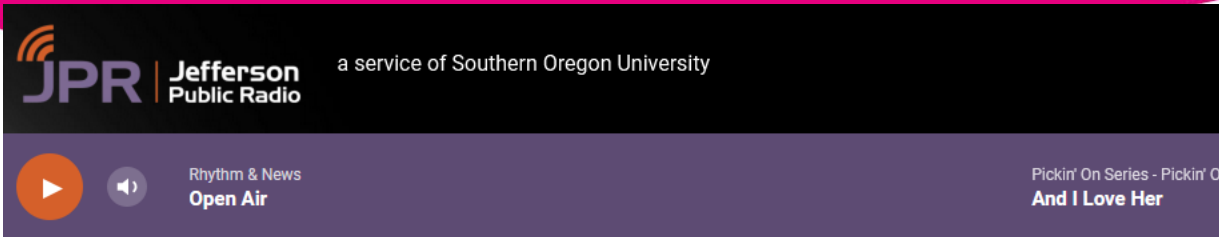
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## The Problem:

- If CCOs build reserves or make profit they share with owners the only place it can be counted on in the CCO reports is on the “Net Income” line of the report.
- But these dollars aren’t “profits” and not really “net Income”
- The dollars building reserves to meet state policies should be counted as “static capital”

# And not having enough reserves has dire consequences



The screenshot shows the top section of the Jefferson Public Radio website. On the left is the JPR logo with the text "Jefferson Public Radio" and "a service of Southern Oregon University". In the center, there are playback controls (play, volume) and the text "Rhythm & News Open Air". On the right, it says "Pickin' On Series - Pickin' O And I Love Her".

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Health and Medicine

## Oregon Health Plan Dumps Josephine County Care Provider, Questions Financial Stability

Jefferson Public Radio

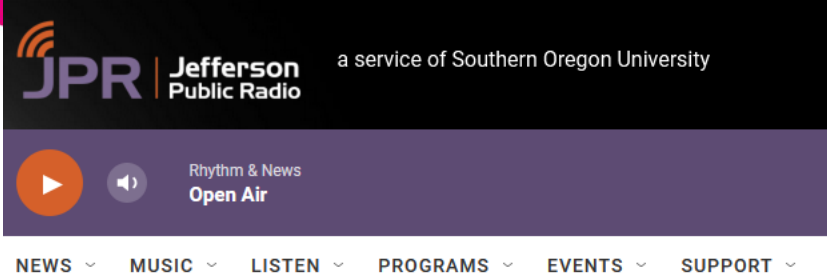
Published July 10, 2019 at 4:37 PM PDT



▶ LISTEN • 1:02



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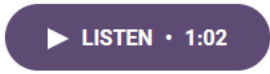
“...the remaining net loss still fails to meet the requirement of the RFA because a minimum RBC of 200% is not achieved and maintained. Failing to meet this requirement, and having projected net losses, entails potential solvency issues over the long term...”

- PrimaryHealth of Josephine County, LCC  
Written Decision with Respect to Protest RFA #4690-19 August 2, 2019

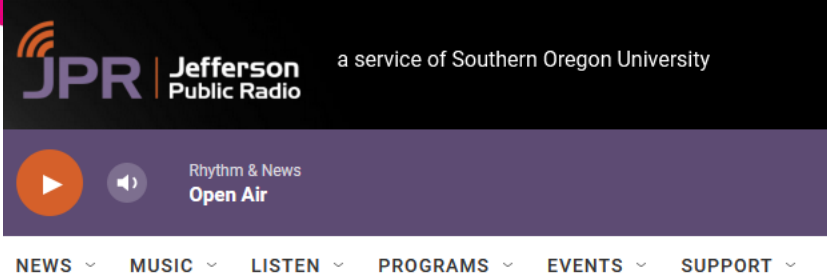
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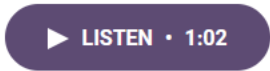
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“OHA appropriately rejected PHJC application because PHJC was unable to demonstrate that it was a financially stable entity.”

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# This “static capital” hurts the CCOs ability to improve health

Increased reserves that fluctuate wildly takes away the CCOs flexibility

- That flexibility is used to make new successful programs sustainable
- Recruit and retain providers
- Expand out provider supports (especially in BH and SUD)
- Build community infrastructure
- Create larger incentives to provide higher quality of care to members

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The current CCO financial policy levers are all moving opposite directions.

It's not working for the CCOs, the OHA, our communities and, most importantly, not working to serve our members