

May 21, 2025

Senator Winsvey Campos, Co-Chair
Representative Andrea Valderrama, Co-Chair
Joint Ways and Means Human Services Sub-Committee
900 Court Street NE
State Capitol
Salem, OR 97301

SUBJECT: May 19 Rebalance Questions

Dear Co-Chairs and Committee Members:

Please find below information requested by members of the Joint Ways and Means Human Services Sub-Committee at the May 19 meeting on Oregon Health Authority's rebalance.

CCO Capitation Rate Development

The process for developing capitation rates in Oregon includes:

1. **Base Data Collection:** OHA starts by collecting historical encounter data and financial reports from each CCO. This includes information on health care costs (claims, value-based payments, incentive payments), and administrative costs. Typically, data is two years old for the basis of capitation rates (e.g., 2024 data to build 2026 rates).
2. **Trend Analysis:** OHA and its actuaries (Mercer) apply medical cost trends to project future expenditures. These trends include changes in utilization, price inflation, and expected cost growth.
3. **Policy Adjustments:** Adjustments are made to reflect policy changes, such as new benefits, delivery system reforms, or administrative shifts.

These adjustments account for expected cost increases or decreases due to legislative or programmatic changes.

4. **Risk Adjustment:** Oregon uses the CDPS+Rx model (Chronic Illness and Disability Payment System) to risk-adjust capitation rates. This ensures that CCOs serving higher-need populations receive appropriate payments.
5. **Rate Cells:** Capitation rates are built separately for rate cells, which are groups based on age, eligibility category (e.g., children 1-5), and geographic region. Each rate cell reflects the unique cost and risk profile of that population.
6. **Non-Benefit Components:** Administrative costs, risk-contingency margin and health-related services (HRS) are added on top of medical expense projections. These are based on historical data and policy priorities.
7. **Actuarial Certification & Federal Review:** Final capitation rates are certified by Mercer's actuaries and submitted to CMS (Centers for Medicare & Medicaid Services) for approval before implementation.

OHA Data Dashboard

OHA tracks the overall effectiveness of its work via a Strategic Plan Data Dashboard. Specific measures related to behavioral health include:

- Average number of mentally unhealthy days in the past 30 among adults
- Rate of mortality from drug overdoses per 100,000 population
- Percent of people classified as needing substance use treatment who did not receive substance use treatment in the past year
- Number of licensed behavioral health providers in Oregon

The full dashboard, along with more information about the strategic goal and the targets for each measure, is available here:

<https://www.oregon.gov/oha/Pages/Strategic-Plan-Dashboard.aspx#Dashboard>

In addition to the outcome measures for Behavioral Health in the strategic plan, the Behavioral Health Division has created some public facing dashboards

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regarding behavioral health housing and licensed capacity investments, which include:

- A summary of OHA's investments over the last three decades compared to investments since July 2021. This includes a breakdown of how these investments will increase behavioral health housing capacity in Oregon communities.
- Total current and projected funding by county and housing capacity by county (per 1,000 individuals).
- Active housing capacity timeline: current and projected capacity through 2026.
- Total capacity by facility type: current and projected capacity by facility type
- Total projected funding for behavioral health housing programs: the total funds OHA has invested by year and biennium

The dashboard is available here:

<https://www.oregon.gov/oha/HSD/AMH/Pages/Housing-Dashboard.aspx>

In addition, there is quantitative data on Ballot Measure 110 grant funds available at:

<https://app.powerbigov.us/view?r=eyJrIjojODU1NDNINzUtMDBkNy00NTM1LWE4NzgtNGEyNzQxYWY0NTU2IiwidCI6IjY1OGU2M2U4LThkMzktNDk5Yy04ZjQ4LTZyYWRjOTQ1MmY0YyJ9>

Please do not hesitate to reach out if there are any further questions. Thank you.

Sincerely,



Kristine M. Kautz
Interim Director