COALITION FOR A HEALTHY OREGON
Oregon's Voice for Community Based Health

Allow CCOs to Invest in Community Health Programs

HB 2214 clarifies the misinterpretation of a 2018 bill (HB 4018) and addresses the consequences of the program that resulted from this misinterpretation.

In 2018, Rep. Mitch Greenlick championed a large, far-reaching omnibus bill. Included in this bill was an effort to ensure that all CCOs allocated funds toward investing in upstream, non-medical services. CCOs worked with Rep. Greenlick and jointly developed language that would prevent, in his words, "freeloader CCOs."

From House Bill 4018 (2018)

(C) Expend a portion of the annual net income or reserves of the coordinated care organization that exceed the financial requirements specified in this paragraph on services designed to address health disparities and the social determinants of health consistent with the coordinated care organization's community health improvement plan and transformation plan and the terms and conditions of the Medicaid demonstration project under section 1115 of the Social Security Act (42 U.S.C. 1315).

With this line, the Oregon Health Authority created a complicated and convoluted program that frustrates community partners and disincentivizes CCOs from investing in the community. That program is called the SHARE Initiative.

From the OHA guidance documents

The primary goals of the SHARE Initiative are to:

- Safeguard public dollars by requiring that a portion of CCOs' profits[1] are reinvested in their communities; and
- Improve CCO member and community health by requiring reinvestments go toward upstream non-health care factors that impact health (for example, housing, food, transportation, educational attainment or civic engagement).

Definitions of net and gross income

Merriam-Webster Est. 1828

net income noun

: the balance of gross income remaining after all allowable deductions and exemptions are taken

gross income noun

: all income derived from any source except for items specifically excluded by law

The word "profit" is nowhere to be found in the bill or in any definitions of "net income." The OHA unilaterally inferred the word "profit" in their interpretation of the bill. They also interpreted the bill to mean that a CCO must spend on SDoH using its profits and reserves.[1]

This could be seen as a semantic argument, so let's examine the actual rules regarding how CCOs are given flexibility to spend their profits:

> 3. CCO expenditures for health-related services must be paid for from the CCO's savings from improved health and more efficient use of resources, and will not be included in capitation rate setting (except to the extent that such services may result in savings or performance-based incentives as described in STC 6.2.h).
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The waiver states (as do the CFRs governing all health-related services) that it must be funded with savings generated by the CCO.

CCOs receive money as part of a capitation rate. CCO's generate savings by supporting people's health care and ensuring that their populations remain healthy. If CCOs don't spend those savings on HRS, wouldn't those savings become profit?

In 2023 alone, CCOs spent over $121 million on HRS services. A full breakdown of the spending can be found here: 2023 CCO HRS Spending Summary. As you can see, there are no "Freeloader CCOs."

CCOs are aggressively investing in their communities, but SHARE has negatively impacted this investment. HB 2214 seeks to address the disincentive to invest in communities caused by the effective taxation of reserves. Because this tax must be paid even in years when a CCO loses money, it creates a need to build even larger reserves—funds that could otherwise be used to expand access to essential services. This bill removes that disincentive, allowing for more sustainable, long-term funding.

What House Bill 2214 does:

1. Since all CCOs are spending money on SDoH through HRS, the bill removes the reference to reserves that was added by HB 4018, effectively eliminating the SHARE tax on CCO reserves.
2. Allows SHARE to continue but only requires spending on SHARE when a CCO transfers money to its holding company or owner as profit.
3. Permits SHARE dollars to be allocated to providers and partners that deliver medical services, without unnecessary instructions.

[1] *As noted above, the bill actually said net income or reserves. See HB 4018 (2018) at Section 4(1)(b)(C).*