

# DEMOCRATIC PARTY OF LANE COUNTY

## Platform Committee

11/17/2016

### **RESOLUTION 2016.9**

#### A resolution of the Democratic Party of Lane County

*Relating to CCO Structure*

WHEREAS, HB 3650 in the 2011 session established that *“It is the intention of the Legislative Assembly to achieve the goals of universal access to an adequate level of high quality health care at an affordable cost”* and that *“Coordinated care organizations may be local, community-based organizations or statewide organizations with community-based participation in governance or any combination of the two”*; and

WHEREAS, the Oregon Health Policy Board (OHPB) was created by law in 2009 to create policy for and oversee the Oregon Health Authority (OHA), among whose duties is to administer Oregon’s Medicaid program; and

WHEREAS, coordinated care organizations (CCO’s) are contracted by the state of Oregon to administer the Medicaid program (the Oregon Health Plan – OHP) in various regions of the state, and use public money intended to help provide necessary health care to the lowest income Oregonians; and

WHEREAS, current rules regarding CCO structure allow a CCO to be a for-profit organization that can build up a financial reserve that makes them an attractive investment vehicle, and led to the sale of Agate Resources, the parent company of Lane County’s CCO Trillium, to the out-of-state fortune 500 company Centene; and

WHEREAS, this purchase by Centene resulted in over \$100 million of excess profit taking, the excess being 10 times what would have been realized by a very generous 10% annual return on investment ; and

WHEREAS, this excess was enabled in part by withholding funds so that too many OHP participants in Lane County did not have access to primary care providers for too long; and

Whereas, there is recognition that medical care is only a small contributor to health compared

with the social determinants of health; and

WHEREAS, six Portland area healthcare organizations are getting well-deserved appreciation for their recent decision to put \$21 million towards housing, in an effort to begin addressing a major social determinant of health; and

WHEREAS, half of the excess profit resulting from the Lane County CCO sale could easily have been used to help address Lane County's affordable housing crisis, and would have dwarfed in scale the laudable effort in Portland; and

WHEREAS, there is no excuse for allowing public money intended to improve the health of the underserved to be diverted into excess profit; and

WHEREAS, there are nine other CCO's in Oregon that are for-profit and may be purchased by an out-of-state corporation such as Centene, thus decreasing Oregon's control over its own Medicaid program; and

WHEREAS, reserves needed by CCO's to provide care for Medicaid patients are currently held and controlled by the CCO, and the state of Oregon has little recourse if a CCO walks away with reserves when its contract expires; and

WHEREAS, the 2017 legislative session will be the last time to correct changes in CCO structure before the next round of five-year contracts are awarded, and these contracts will control CCO actions through 2022;

THEREFORE BE IT RESOLVED, the Democratic Party of Lane County:

Section 1. Urges the Oregon legislature, in the 2017 session, to make changes to CCO structure to prevent excess profit-taking such as occurred in Lane County with the sale of its CCO, and to enable Oregon to exert appropriate control over its Medicaid program. Changes to seriously consider include:

- a. Requiring CCO's to be non-profit.
- b. Requiring CCO's to have more than 50% of its governing board be community representatives without a financial stake in the CCO.
- c. Requiring CCO reserves to be held in escrow by the state Treasurer, rather than be under direct control of the CCO.
- d. Requiring CCO's governing body to abide by Oregon open meeting laws.
- e. Limiting the amount CCO's can spend on administrative costs to less than what private insurance in Oregon has recently spent (counting OHA Medicaid administration as part of the costs).

- f. Ensuring that money spent on the social determinants of health is not considered an administrative cost.
- g. Standardizing accounting procedures so the CCO finances can be easily compared.
- h. Standardizing electronic medical records so that metrics can be more readily compared.

Section 2. Urges the governor and the legislature, if necessary, to strengthen the OHPB, in part by providing staffing to the OHPB that is independent of OHA, and to emphasize the legislative intent *“to achieve the goals of universal access to an adequate level of high quality health care at an affordable cost.”*

**Resolved by the Central Committee of the Democratic Party of Lane County,  
Assembled in Eugene, Oregon, November 17, 2016**

Signed:

X \_\_\_\_\_.

Chris Wig

Chair

X \_\_\_\_\_.

Celine Swenson-Harris

Secretary