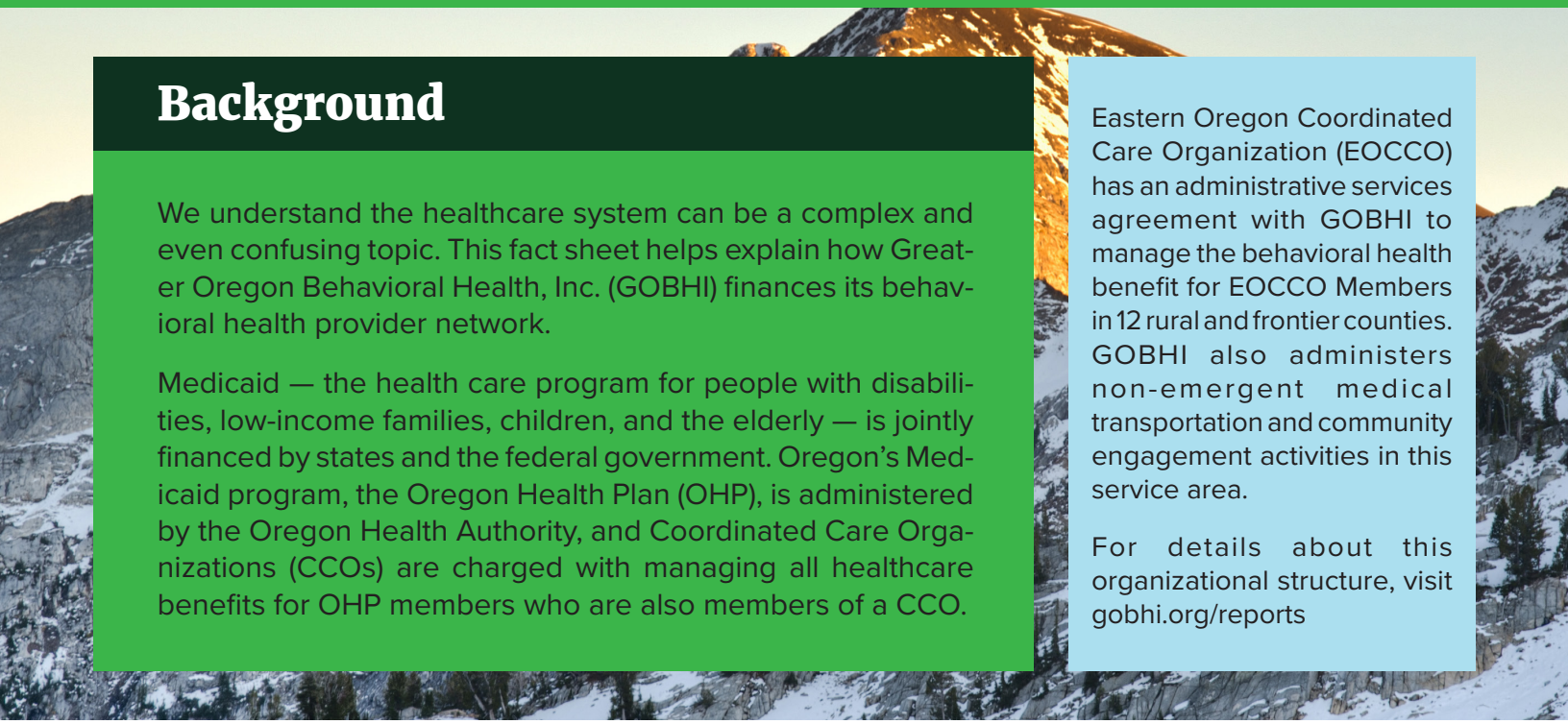
Financing the behavioral health system

A quick guide to GOBHI's approach serving Eastern Oregon



Background

We understand the healthcare system can be a complex and even confusing topic. This fact sheet helps explain how Greater Oregon Behavioral Health, Inc. (GOBHI) finances its behavioral health provider network.

Medicaid — the health care program for people with disabilities, low-income families, children, and the elderly — is jointly financed by states and the federal government. Oregon's Medicaid program, the Oregon Health Plan (OHP), is administered by the Oregon Health Authority, and Coordinated Care Organizations (CCOs) are charged with managing all healthcare benefits for OHP members who are also members of a CCO.

Eastern Oregon Coordinated Care Organization (EOCCO) has an administrative services agreement with GOBHI to manage the behavioral health benefit for EOCCO Members in 12 rural and frontier counties. GOBHI also administers non-emergent medical transportation and community engagement activities in this service area.

For details about this organizational structure, visit gobhi.org/reports

Financing Approach

Capitation:

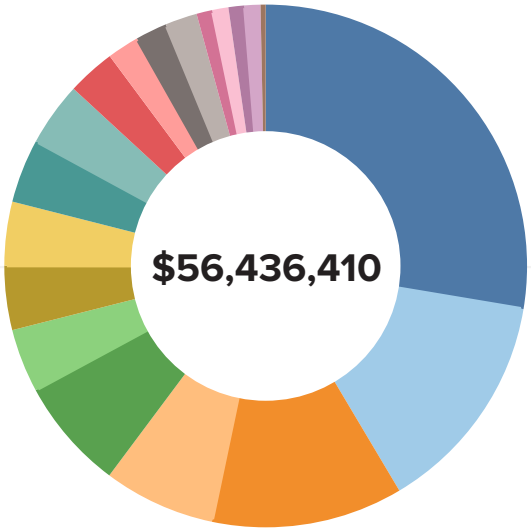
GOBHI provides a monthly Per Member Per Month (PMPM) payment — a.k.a. "capitation payment" — in advance to Community Mental Health Programs (CMHP) based on the Member population in a specific county. GOBHI also provides a monthly PMPM payment to selected Patient Centered Primary Care Homes that have integrated behavioral health services into their workflows. This arrangement is based on the number of Members assigned to these clinics. Capitation pays a set amount for each enrolled person assigned to a contractor, per period of time, whether or not a person seeks care. This covers a broad range of behavioral health care for OHP Members in the EOCCO region.

Fee-for-Service (FFS):

This arrangement pays providers for services rendered and billed through appropriate claims billing. Payments are made to providers based on the adjudication of claims based on providing services to OHP Members from diagnostic categories and codes that are covered under Oregon's Medicaid program.

GOBHI

GOBHI Revenue by Source



- **28%** Community Mental Health Program Capitation Payments
- **14%** Non-Emergent Medical Transportation Capitation
- **12%** Substance Use Disorder Treatment
- **7%** Administrative Services Capitation
- **7%** Mental Health Allocation
- **4%** DHS Revenue
- **4%** Grants
- **4%** Intensive Care Treatment Services
- **4%** Patient Centered Primary Care Home Payments
- **4%** State Contracts
- **3%** Wraparound Services Capitation
- **2%** Applied Behavioral Analysis
- **2%** Assertive Community Treatment / Supportive Employment
- **2%** Non-Emergent Medical Transportation FFS
- **1%** Claims Processing Payment
- **1%** Grant Administration
- **1%** Other
- **1%** Professional Services
- **< 1%** Child and Adolescents Needs and Strengths

Capitation Benefits

Flexibility: Capitation payments can be used to cover traditionally billable and non-billable services. Providers can offer a wide range of preventive, care coordination and wellness services in addition to standard medical and/or behavioral health procedures typically paid through claims. This flexibility makes it easier for providers to invest in foundational and innovative delivery system components that are the most beneficial to the populations they serve.[1]

Emphasis on Quality: Capitation incentivizes the delivery of high quality services so there are better outcomes that stay within the capitation. Capitation places a much greater focus on services that keep people healthy. This model allows for flexibility to more fully implement evidence-based models, like patient-centered, team-based care.

Workforce Stability: Within the capitation model, GOBHI has been able to maintain payments to providers even though face-to-face billable encounters significantly decreased during COVID-19. This enabled provider organizations to maintain their workforce and expertise that were developed over many years. The flexibility under capitation also enabled providers to quickly migrate to a virtual platform and continue, and in some cases, grow services provided.

Cash Flow Stability: The predictable cash flow provides the environment for providers to "weather storms" of fluctuations in service demand. In a recent case, the pandemic brought this into sharp focus. In a FFS model, while patients were avoiding clinics, payments discontinued and some smaller businesses had to close.

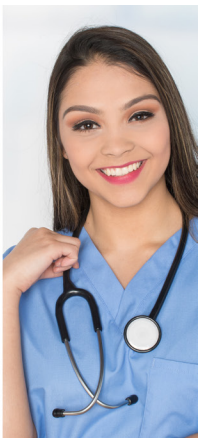
Assumed Risk

A dynamic affecting all the outcomes above. In fee for service, the payers and insurance companies assume the risk for the total cost of services provided during a contract period being higher than expected. If costs are higher than their contracted rate, the payer (or insurance) ends up losing money. In a capitation model, the healthcare providers assume the risk. Capitation is a fixed amount, typically for a subset of services that the payer is responsible for. If costs go above what is "capped," the consumer cannot be charged for that additional cost — the providers must absorb it. If costs are under the capitated amount, the provider keeps the additional revenue.

Providers that assume risk under capitation are more invested in wellness in order to prevent high cost treatments for at-risk populations. The model is more sustainable amid changing financial environments, which ensures service options are available. Providers are also incentivized to provide efficient and effective services that focus on high quality outcomes to minimize the providers' risk level.

1. Alternative Payment Model, APM Framework (2017), Health Care Payment Learning & Action Network, The MITRE Corporation.





In Closing

As a leader in rural healthcare transformation, we promote wellness through the impact of preventative and local care. Not only does it produce better outcomes, but it's also cost effective, returning the savings to communities through the healthcare continuum.

Contact

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