

Appendix 1.

COORDINATED CARE ORGANIZATION (CCO) FUNDING SOURCE AND PAYMENT MECHANISM FOR CHW SERVICES

Funding Source - Payment Mechanism	Description of payment mechanism and funding source	Counts toward numerator in MLR ¹ ?	Counts towards 'medical' portion of rate-setting ¹ ?
CCO GLOBAL BUDGET (GB) FUNDING SOURCE			
Reporting Category: Administrative Expense			
GB Administrative	Operational costs of the payer that do not meet criteria for medical expenditures, such as benefits management.	No	No
Reporting Category: Medical Expense			
GB - Fee-for-service (FFS)	Claims-based payment of services from CCO to provider per approved billing codes.	Yes	Yes
GB - Alternative Payment Model (APM), Per Member Per Month (PMPM)	Providers receive per member per month payments (PMPM) from CCOs.	Yes	Yes
Reporting Category: Health-Related Services Expense			
GB - Flexible Services	Non-covered services that are cost-effective, supplement covered benefits and improve health quality.	Yes ²	No ²
GB - Community Benefit Initiatives	Community level initiatives that improve health quality, not necessarily limited to members.	Yes ²	No ²
OTHER CCO FUNDING SOURCES			
Grant funding	Short-term funding for projects to CCOs or provider organizations from different funders (e.g., state, private, CCI) ³	N/A	N/A
Quality Incentive Pool/ Funds	CCOs and provider organizations may receive bonus funds for meeting targets for performance, quality or costs ³	N/A	N/A
Hospital-Sponsored Community Benefit	Nonprofit hospitals are required to spend some surplus funds to benefit the community, such as for improving access and population health.	N/A	N/A

¹ **Medical Loss Ratio (MLR)** is a set minimum percentage of total premium revenues that a payer must expend towards medical expenditures as designated by government rules or contract. If a state chooses to set a minimum MLR for Medicaid managed care organizations (MCO), such as Oregon CCOs, that MLR must be at least 85 percent (42 CFR 438.8). **Rate-setting** is a calculation on capitation rates that a state will pay Medicaid MCOs, typically paid per month per member.

² <https://www.oregon.gov/oha/HPA/dsi-tc/Documents/OHA-Health-Related-Services-Brief.pdf>. Health-related services (HRS) spending counts as medical expenditures for the purpose of calculating MLR if it meets the federal definition of activities that improve health care quality or expenditures related to health information technology and meaningful use requirements.

³ Funds may originate from the state or CCO global budget.