Sustainable Financing Strategies to Support Community Investments by Health Plans and Hospitals

Welcome!

The webinar will begin shortly.

In the meantime:

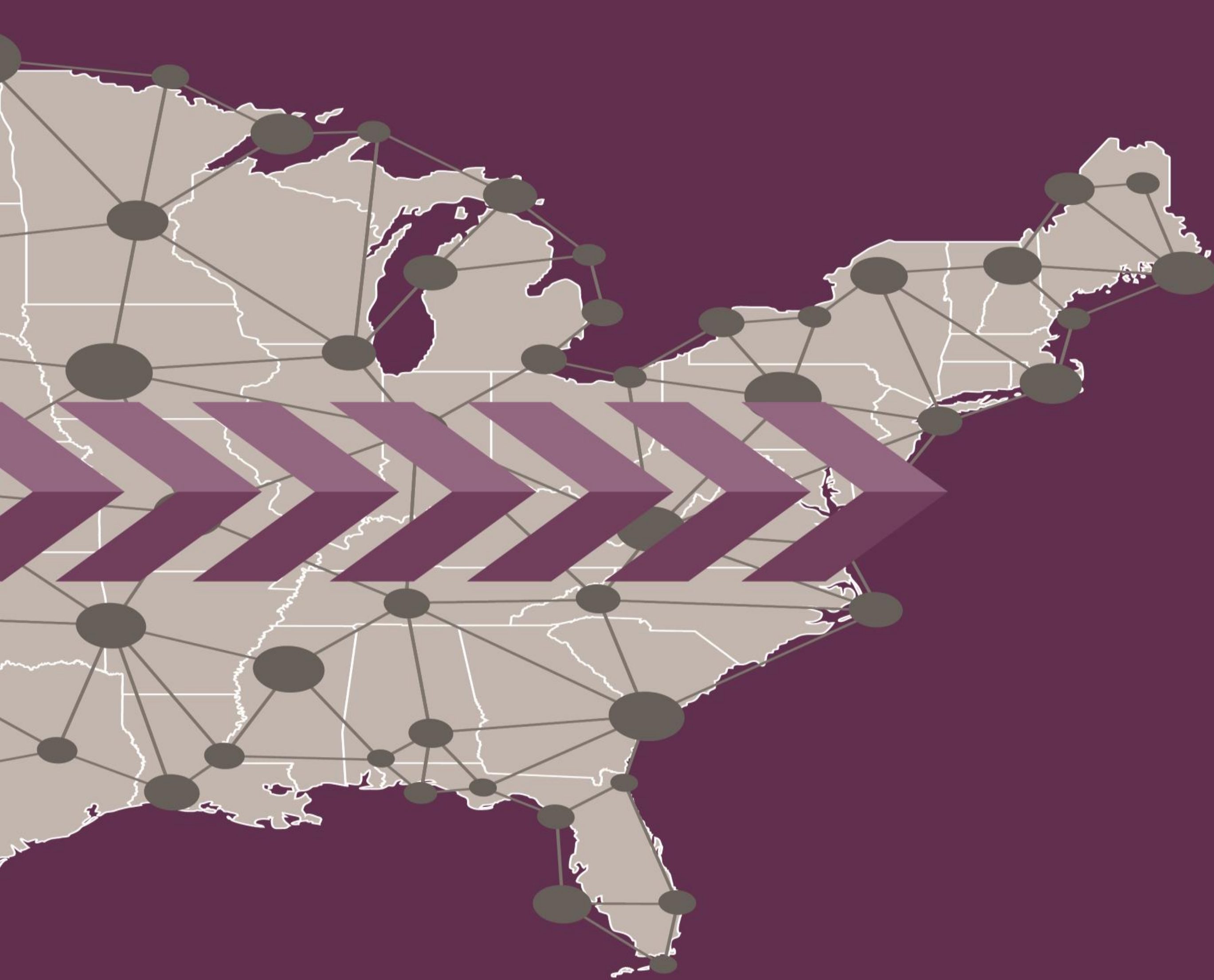
This meeting is being recorded and will be circulated to attendees

Participants will be muted upon entry

Use the chat feature if you have any questions or comments

Please edit your name to include your organization and state

If you experience video or audio issues, please call-in using the number provided in your registration confirmation email



Financing SDOH Strategies in Medicaid Managed Care

Dan Meuse

April 19, 2023

STATE Health & Value STRATEGIES | *Driving Innovation Across States*

A grantee of the Robert Wood Johnson Foundation

About State Health and Value Strategies

State Health and Value Strategies (SHVS) assists states in their efforts to transform health and healthcare by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's School of Public and International Affairs. The program connects states with experts and peers to undertake healthcare transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at www.shvs.org.

Questions? Email Heather Howard at heatherh@Princeton.edu.

Support for this webinar was provided by the Robert Wood Johnson Foundation.
The views expressed here do not necessarily reflect the views of the Foundation.

Introduction

How can state Medicaid programs require plans to invest in community-based social needs interventions?

1. Some social needs spending can be thought of as services that may or may not be allowed under federal rules.
2. Other social needs spending is more about investment in community programs that need scale to support community members.
3. The different types of social needs spending require different models and authorities to operate.

Ways That States Can Require Plan Investment in Social Interventions

Service-Based Investment

1. Classify Certain Social Services as Covered Benefits Under the State's Medicaid Plan
2. Value-Added Services and "In-Lieu-Of" Services
3. Explore the Additional Flexibility Afforded States Through Section 1115 Waivers

Service-Based Investment

Classify Certain Social Services as Covered Benefits Under the State's Medicaid Plan

- Federal Medicaid law permits Medicaid coverage of:
  - **Linkages to social service programs** that offer help with food assistance, rent, and childcare costs
  - **Stable housing support** provided through services that help people find and remain in homes
  - **Assistance in finding and retaining employment**, particularly for people with disabilities
  - **Peer support** offered by individuals who come from an enrollee's community or who have had similar experiences

Service-Based Investment

Value-Added Services and "In-Lieu-Of" Services

- **Value-Added Services**
  - Services not included in the Medicaid State Plan but offered by the MCO to improve quality or reduce costs
  - **Peer support**
- **"In-Lieu-Of" Services**
  - Cost-effective alternative to a covered service referenced in contract; not covered in state plan or managed care contract
  - **Tailored meals, asthma remediation**

Service-Based Investment

Additional Flexibility Afforded States Through Section 1115 Waivers

- **1115 waivers** represent the best ability for states to use Medicaid funds to pay for services that are not otherwise allowed
  - North Carolina received $650 million over five years to invest in food, housing, transportation and interpersonal violence/toxic stress as a means of systematically evaluating the value of social interventions
  - Oregon received an 1115 waiver that allows it to cover “health-related services”

Community-Based Investment

1. Using Incentive Payments to Encourage Investment
2. Requiring Community Reinvestment

Community-Based Investment

Using Incentive Payments to Encourage Investment

- **Incentive payments or withhold payments** are bonus payments from states to plans to meet specific targets, including social needs targets
  - **Focus on screening and referral** – tracking outcomes has been a challenge for plans, so bonus payments may not make their way to the community

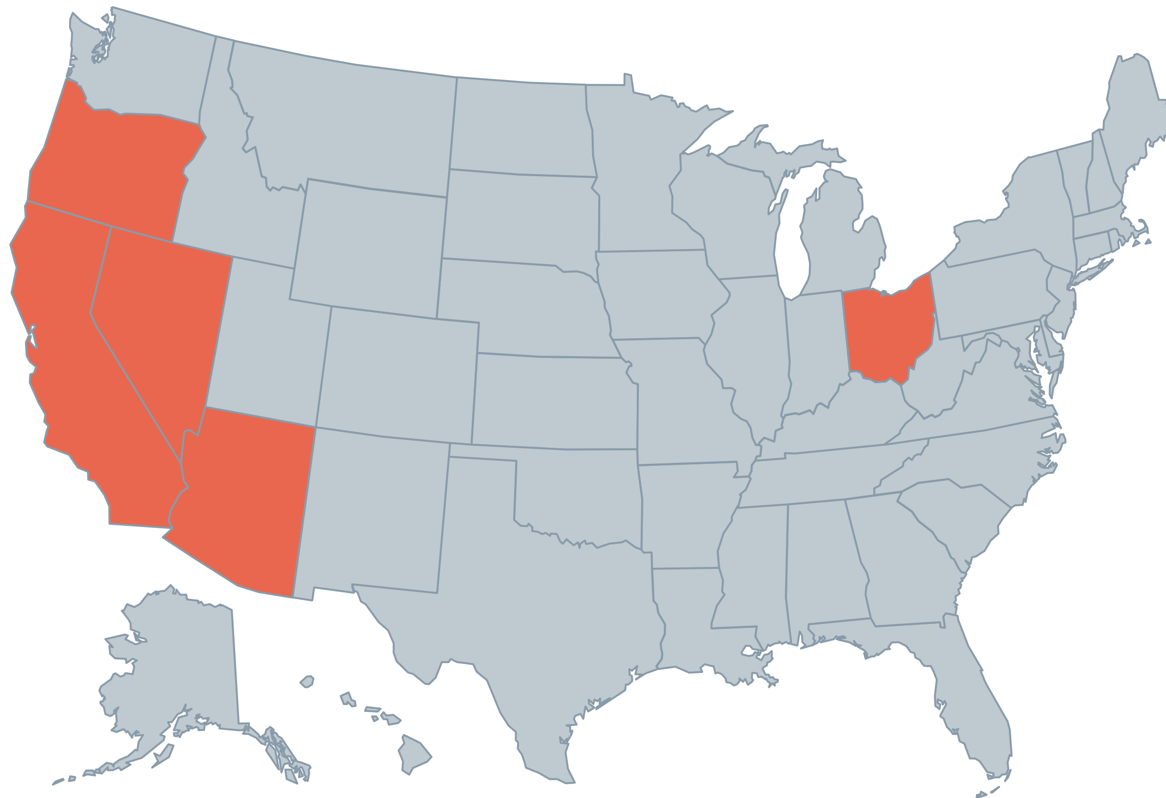
Community-Based Investment

Requiring Community Reinvestment

- **Community reinvestment** is becoming a more common tool states use to support community-based organizations
  - **States require a portion of profits to be reinvested in community organizations that support social needs interventions**

Community-Based Investment

Requiring Community Reinvestment



Community-Based Investment

Requiring Community Reinvestment

- **Arizona** requires 6% of a health plan's net profit to be reinvested, with a plan submitted to state.
- **California** requires reinvestment at an increasing percentage based on total net profits, with an increased percentage if quality metrics are not met.
- **Nevada** requires 3% of a plan's pre-tax profits to be reinvested in accordance with a plan submitted to the state.
- **Ohio** requires 3% of after-tax profits, increasing to 5%, to be reinvested in accordance with a plan, and a post-investment evaluation.
- **Oregon** does not set a target in contracts but requires reinvestment in a designated set of organizations to address disparities and social needs.

Thank You

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Sustainable Financing Strategies to Support Community Investments by Health Plans and Hospitals

April 19, 2023, 1-2 PM ET

Elinor Higgins & Sandra Wilkniss

Behavioral, Population, and Public Health

About NASHP

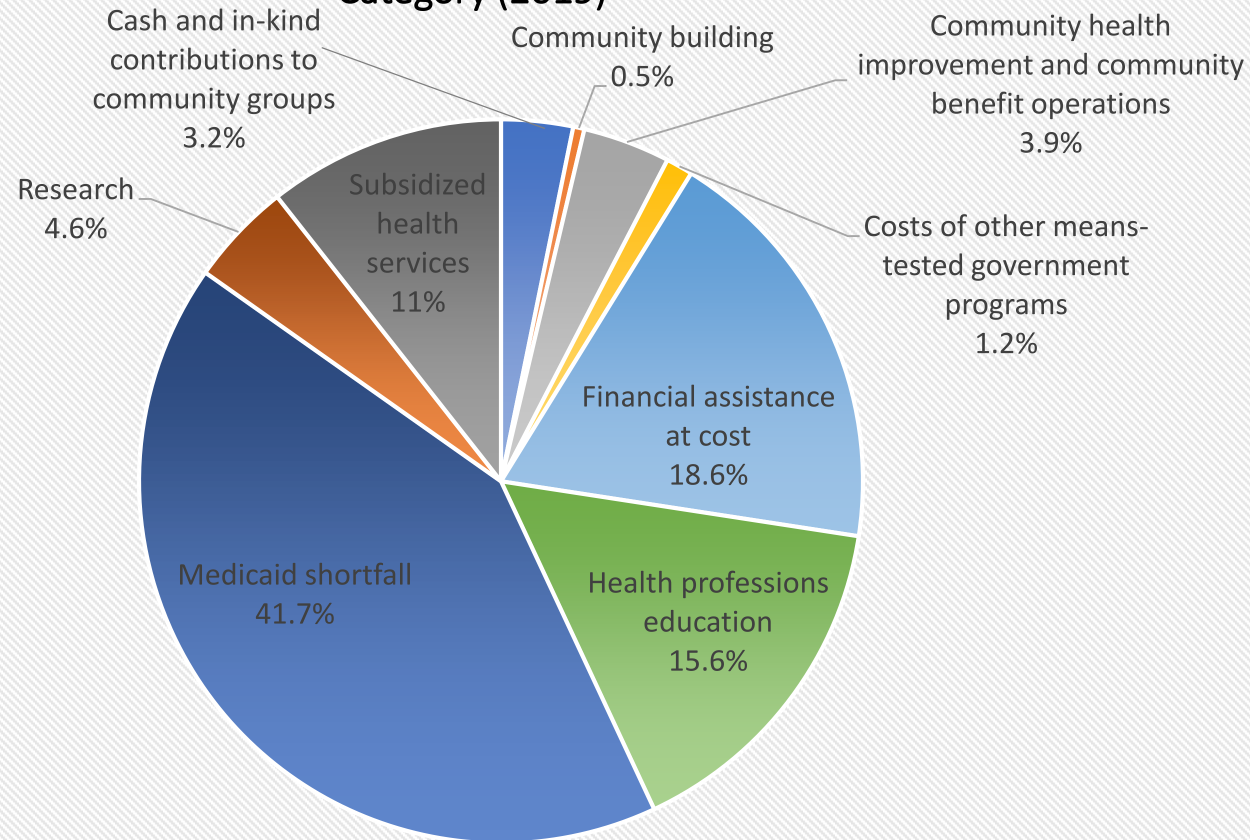
The National Academy for State Health Policy (NASHP) is a nonpartisan organization committed to developing and advancing state health policy innovations and solutions.

NASHP provides a unique forum for the productive exchange of strategies across state government, including the executive and legislative branches.

Hospital community benefit programs and the state role

- What is community benefit?
  - Nonprofit hospitals receive valuable tax exemptions in exchange for charitable investments in their communities
  - Reporting: Form 990 Schedule H
- NASHP Hospital Community Benefit State Workgroup
- Varying degrees of state oversight and involvement

The landscape of community benefit expenditures

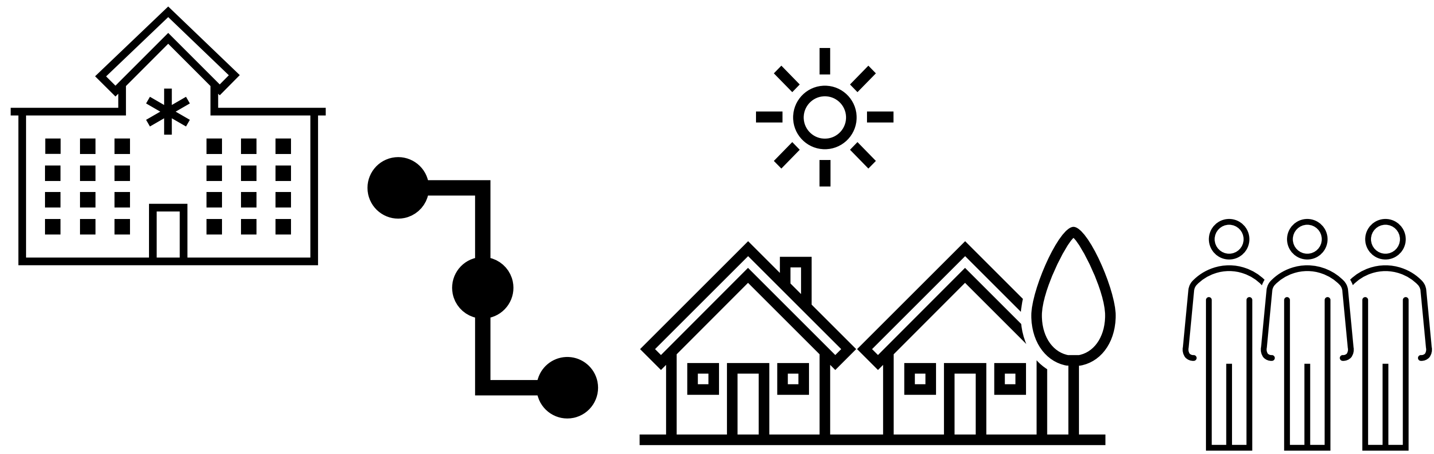


- Community Benefit Insight's most recent data shows that ~42% of community benefit spending went to unreimbursed Medicaid
- Community health improvement made up ~4% of spending
- Charity care was ~18% of spending
- "Meeting the letter but not the spirit" - *Health Affairs* 2022

https://www.communitybenefitinsight.org/?page=national_analysis.home

Connecting community benefit programs to community needs

- Community Health Needs Assessments (CHNAs) and state requirements
- A 2023 study found that current expenditures community benefit expenditures are not associated with improved health outcomes in
- Disconnect between identified needs and hospital spending



State levers to support investment in communities

Levers	State Examples
Transparency through audits	In September 2020, the Montana Legislative Audit Division released a report examining community benefit and charity care obligations at Montana nonprofit hospitals
Link spending to community health improvement activities	New York requires that hospital community health improvement plans specifically address goals contained in its State Health Improvement Plan, Prevention Agenda 2019-2024. New York also requires hospitals to report their community benefit spending as it relates to its Prevention Agenda's goals.
Hospital equity reports	California AB 1204 requires hospitals and hospital systems to submit an annual equity report that includes an analysis of health disparities and a plan to address them with measurable objectives and timeframes.

State levers to support investment in communities

Levers	State Examples
Minimum spending floor requirements	In 2019, Oregon passed HB 3076 to create a community benefit spending floor for Oregon's nonprofit hospitals. Oregon Health Authority sets a spending floor in collaboration with hospitals every two years based on an identified methodology.
Hospital regulation	Massachusetts uses its DON process to require hospitals to invest in public health goals. Hospitals are required to make a contribution that addresses one of the DON Health Priorities. Connecticut has used the CON process to ensure that community benefit spending addresses stated community needs.
Community service contribution requirements	In 2021, New Jersey passed a law that requires non-profit hospitals to make community service contributions that go toward municipal services that taxes on these hospitals might otherwise support.

Considerations

- Consolidating hospital landscape—what does it mean to invest in health equity at the community level?
- Impact of COVID-19 on communities and on hospitals
- Lown Institute "Fair Share" assessment
- Assessing the impact of community benefit investments

NASHP Resources

- Blog: How States Can Hold Hospitals Accountable for their Community Benefit Expenditures
- Reporting Tool: Hospital Community Benefit Spending on Health Equity
- Chart: How 10 States Connect their Health Improvement Goals to Hospital Community Benefits
- NASHP Community Benefit Resource Center
- RTI Tool: Community Benefit Insight

Thank you!

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Oregon's Hospital Community Benefit Minimum Spending Floor Program

George Washington University Webinar

April 19, 2023

Steven Ranzoni MPH, Hospital Reporting Program Manager

Sarah Grabe MPH, Hospital Community Benefit Program Coordinator

HEALTH POLICY AND ANALYTICS
Office of Health Analytics

Agenda

History of Community Benefit in Oregon

2019 Program Changes

Where We Are Today

History of Community Benefit in Oregon

Oregon Health Authority

Community Benefit in Oregon

2007 — **HB 3290** creates Oregon's cost-based community benefit reporting system

2015 — HPA starts new standard annual public reports

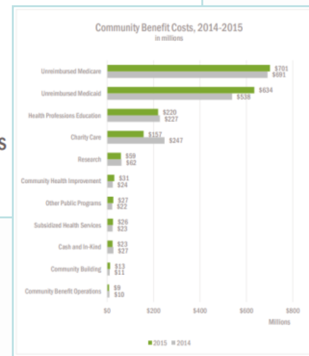
2019 — **HB 3076** institutes spending floor (and more)

"'Community benefit' means a program or activity that provides treatment or promotes health and healing in response to an identified community need."

Oregon Acute Care Hospitals
Community Benefit Report

Fiscal Year 2015

Oregon Health Authority
Office of Health Analytics



"'Community benefit' means a program or activity that provides treatment or promotes health and healing, addresses health disparities or addresses the social determinants of health in response to an identified community need."

2019 Program Changes

Oregon HB 3076 (2019) …

- Increased hospital financial assistance and addressed medical debt
- Created a new hospital community benefit program and instituted a minimum spending floor
- Eliminated Medicare as a category of unreimbursed cost that counts toward community benefit

OHA sets first hospital community benefit floor

The Oregon Health Authority | Feb 4, 2021

STATE OF REFORM

Oregon Health Authority

Financial Assistance

- Starting in 2020, non-profit hospitals must offer financial assistance to patients based on income relative to the federal poverty level (FPL), with stricter guidelines starting in 2021

Income	Financial assistance as of Jan. 1, 2020	Financial assistance as of Jan. 1, 2021
< 200% of FPL	Provided at no cost	Provided at no cost
200% to 300% of FPL	Hospital must adjust on a sliding scale	Reduced by at least 75%
300% to 350% of FPL		Reduced by at least 50%
350% to 400% of FPL		Reduced by at least 25%

- Financial assistance policy must be posted in multiple languages

Spending Floor Methodology

The minimum community benefit level applies for two years

FY22 spending floor = ***3-year average of unreimbursed care spending*** + (***Direct Spending Net Patient Revenue Percentage*** x ***3-year average operating margin multiplier***)

FY23 spending floor = ***FY22 spending floor*** + (***FY22 spending floor*** * ***4-year average percent change in net patient revenue, capped at +/- 10%***)

https://www.oregon.gov/oha/HPA/ANALYTICS/HospitalReporting/FY22-23-Spending-Floor-Announcement.pdf

Aligning to address the social determinants of health & health equity

- The legislation explicitly includes as community benefit activities that address **health disparities** and the **social determinants of health**
- The program encourages **alignment** with CCOs, local public health, other programs and partners

"'Social determinants of health' means the social, economic and environmental conditions in which people are born, grow, work, live and age, shaped by the distribution of money, power and resources at local, national and global levels, institutional bias, discrimination, racism and other factors."

Where We Are Today

Implementation Report Findings

[HB 3076 Implementation Report to the Legislature]

- Launch of new CB Program was successful
- Hospital financial assistance policies largely align with new requirements, but hospital practices around sharing information about financial assistance, screening patients for eligibility and referring accounts to debt collection remain areas of concern

Current program status

OHA is currently receiving hospital community benefit data for FY22 and is assigning FY 24-25 spending floors.

OHA will report on FY 22 spending floor performance by December 2023.

OHA will use supplemental narratives to issue a new report on hospital community benefit activities and spending on social determinants of health.

Supplemental Narrative Report

OHA requires hospitals to submit supplemental narratives that describe the details of their CB program

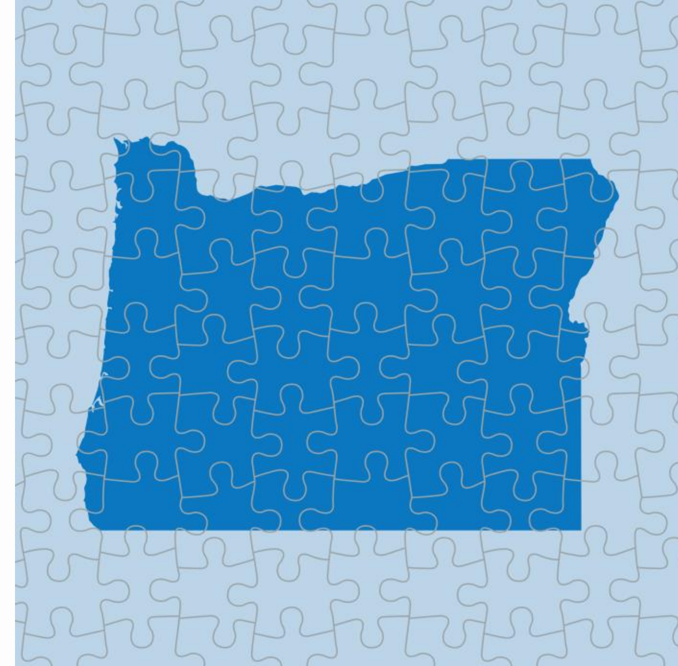
Hospitals must:

- Describe how their programs connect to their health needs assessments and improvement strategies
- Describe what was actually accomplished in the fiscal year
- Identify top health needs with demographic information
- Describe any significant community benefit activities that address the top need
- Identify activities that addresses social determinants of health and health equity and social needs

Oregon Community Benefit Resources

OHA Hospital Reporting Program Website

- Community Benefit Tableau Dashboard
- Summary reports
- Hospital Profile Pages
- Individual hospital community benefit data
- Spending floor announcements



Oregon Health Authority

Thank you!

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