

March 25, 2013

House Committee on Health Care
900 Court Street, Room 453
Salem, OR 97301

Dear Chair Greenlick and Members of the House Committee on Health Care:

We commend Cover Oregon for the incredible strides Rocky King and his staff have made in ensuring that Oregon continues to lead the nation in developing a successful health insurance exchange. Oregon is being closely watched as a model for other states to emulate and this is due in no small part to Mr. King's, Dr. Goldberg's, and Governor Kitzhaber's leadership in health transformation.

We represent organizations that are invested in successful implementation of Oregon's health insurance exchange to provide affordable, quality health care. Many of our members, and the people they serve, will enter the health insurance exchange market, and the exchange holds the promise of making health care work better for all Oregonians. We realize that there will be some transitional adjustments as new, uninsured populations enter the individual and small group private market in the first open enrollment. However, as Cover Oregon prepares to look beyond the initial 2013 open enrollment, we urge the legislature to give Cover Oregon every tool available to improve quality and help contain cost for the next contract period starting in 2015.

We look to the legislature to provide Cover Oregon with the following tools critical to the agency's goal of fostering quality and value in health coverage in Oregon.

Premium Negotiations

First, the legislature should explicitly require Cover Oregon to negotiate with the insurance carriers on premium rates and cost-sharing. This goes beyond just providing a justification for rates through the Oregon Insurance Division. We believe there will be enough demand by 2015 open enrollment that Cover Oregon will be able to drive a hard bargain and help contain costs for exchange consumers by negotiating on premium rates and cost sharing.

Quality Improvement Strategies

Under the Affordable Care Act, plans available on exchanges are required to have at least one Quality Improvement Strategy, which is defined as a payment structure that provides increased reimbursement or other incentives for defined activities proven to contain costs and/or improve the quality of healthcare.

In addition to the current Quality Improvement Strategies, as set forth by Cover Oregon—improving health disparities and requiring the primary care home model—for its initial Qualified Health Plan (QHP) offerings, Cover Oregon should require insurers to add at least two additional Quality Improvement Strategies that will help to contain costs and improve quality. These additional strategies should be included in Cover Oregon’s certification standards for QHPs for its next round of contracting with carriers, beginning in 2015. These quality improvement strategies should be further updated every two years to reflect the developing state of the art in ensuring quality and health care affordability.

Codifying Best Practice

Oregon’s exchange should also set additional standards to codify the best in current industry practice, and build on the strengths of Oregon’s insurance market. This can be achieved by prohibiting reimbursements of so-called “never events.” We understand that industry standard currently does not reimburse for “never events” so codifying this practice should not pose a problem.

Furthermore, standards should include those providers with the worst records for adverse outcomes being excluded from Qualified Health Plan provider networks.

Cost Containment

No plan offered in the exchange should have a medical loss ratio below a level set by the exchange—85% for plans available for 2015 open enrollment. Consumers want their premium dollars going toward health care services and not toward administrative waste, excessive healthcare profits or marketing. As the industry becomes more efficient, the medical loss ratio should be ratcheted up over time.

Quality Metrics

While Cover Oregon staff is currently working closely with Coordinated Care Organization (CCO) staff to find complementary alignment on quality metrics, Cover Oregon needs a more formal public process, like the CCO quality metrics process. This will help inform and ensure that the set of metrics being used to develop the star rating for the Cover Oregon plans is also achieving improved care, avoiding waste and lowering health care costs in order to deliver on Cover Oregon’s mission of “fostering quality and value.” It will also ensure that providers are not forced to track multiple sets of disparate metrics to try to achieve similar outcomes.

We respectfully urge you to provide these tools to Cover Oregon in this legislative session so Cover Oregon will be prepared as they look toward 2015 open enrollment.

Thank you, Chair Greenlick and Vice-Chair Thompson for your work on the Cover Oregon Legislative Oversight and Advisory Committee and working with the Cover Oregon staff in an effort to fundamentally change the way health care is delivered in Oregon. We look forward to working with and helping you to make Cover Oregon a model for the rest of the nation.

Sincerely,

AARP of Oregon

AFT-Oregon

Main Street Alliance of Oregon

Oregon Action

Oregon Center for Public Policy

Oregon Education Association

Oregon Nurses Association

Oregon School Employees Association

Oregon Western Law Center

OSPIRG

Service Employees International Union