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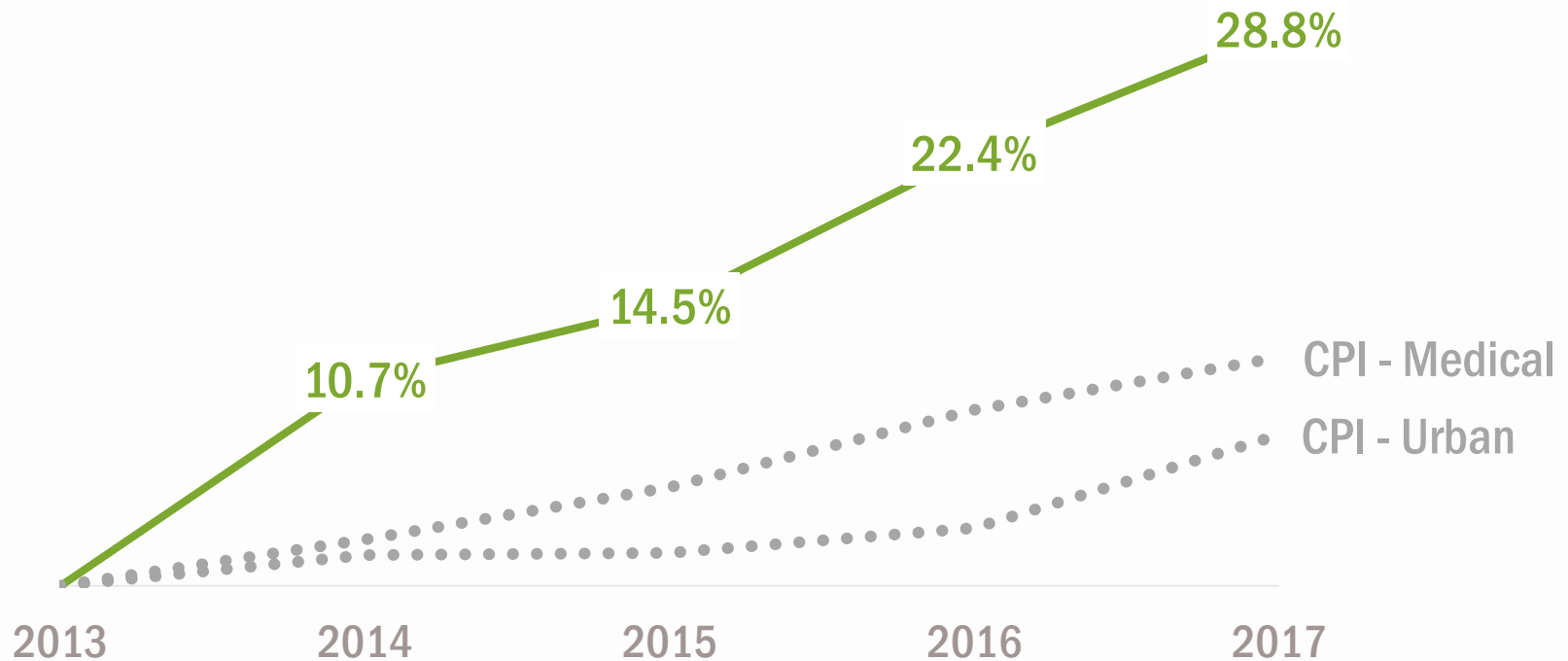
# Health Care Cost Growth Target Program Update (SB 889)

December Legislative Days



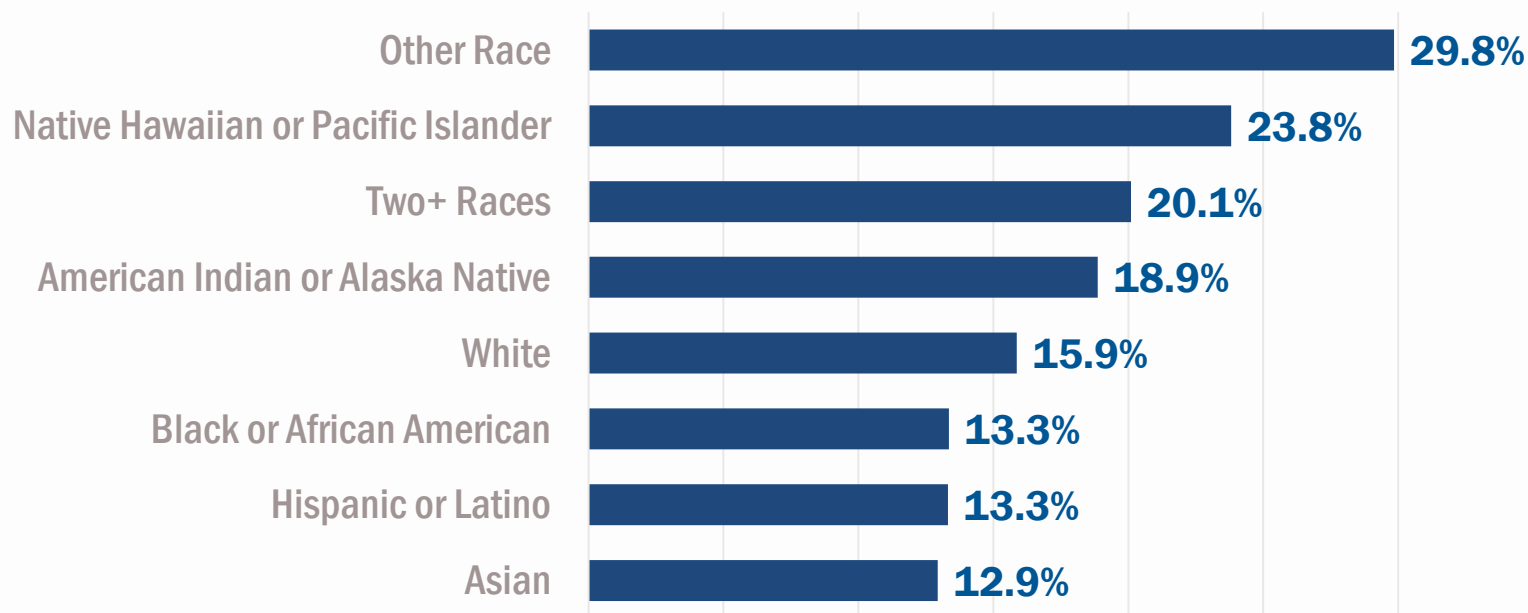
# Problem: health care costs are growing

Total paid amounts per person increased 6.5 percent on average from 2013-2017.



# Problem: The burden of health care costs is high for Oregon families

Percent of Oregonians who reported they delayed any type of care in the past year because of cost, by race/ethnicity



Source: Oregon Health Insurance Survey, 2019

# Solution: a statewide cost growth target



## Common goal

Payers and providers are publicly responsible for reducing health care cost growth.



## Sustainable target

Selecting a target that ensures health care costs do not outpace other economic growth, such as general inflation or wages.



## Transparency

Reasons for cost growth are studied and publicized, informing policy recommendations.



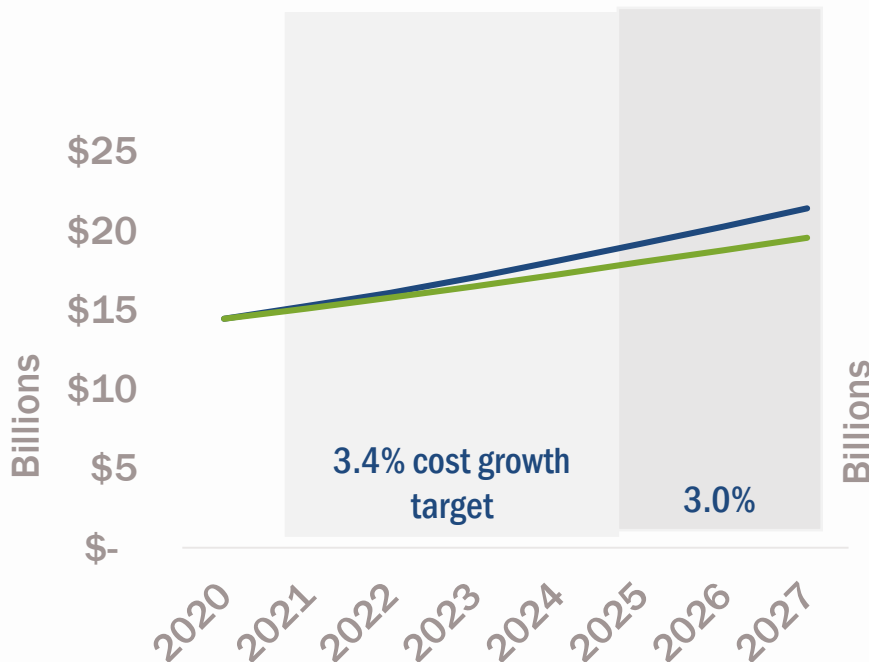
## Total cost of care approach

Taking a total cost approach allows payers and providers to shift from volume to value-based approaches.

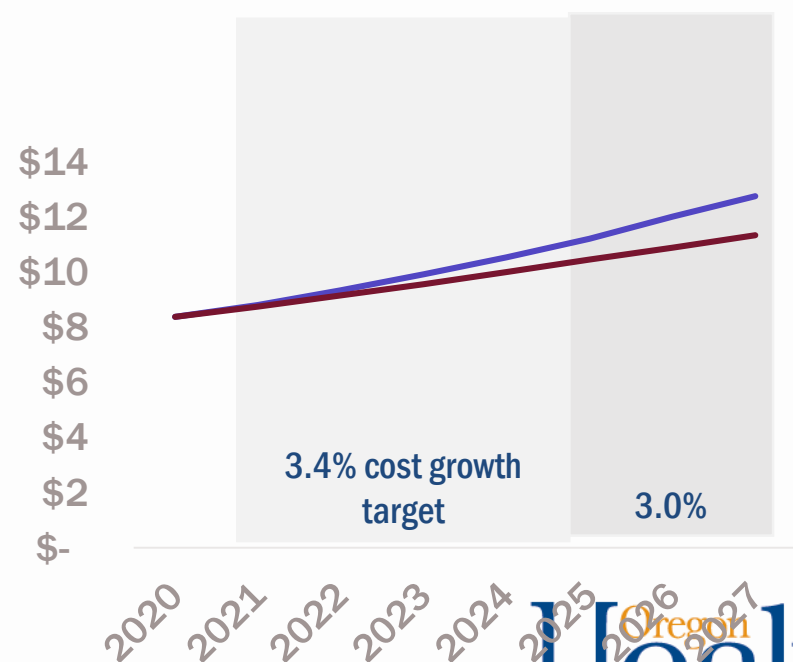
# Projected savings from Oregon's health care cost growth target

CMS' projected health care cost growth compared to health care cost growth with Oregon's targets applied for 2021-2027

**Private insurance would save \$6.4B**



**Medicaid would save \$4.4B**



# Implementation Committee work to-date

## Committee Workstreams



Cost Growth Target



Quality & Equity



Data Use Strategy



Accountability



Taking Action



Transparency

## Interim Report – Sept 2020

### **Sustainable Health Care Cost Growth Target**

Implementation Committee Status Report to  
the Oregon Legislature

Senate Bill 889 (2019)  
September 30, 2020



# Adopted value-based payment (VBP) principles

## Principles for Increasing the Use of Advanced Value-Based Payment Models

### Purpose

SB 889 prescribes that the Sustainable Health Care Cost Growth Target Implementation Committee (Implementation Committee) shall "identify opportunities for lowering costs, improving the quality of care and improving the efficiency of the health care system by using innovative payment models for all payers, including payment models that do not use a per-claim basis for payments."

For the purposes of this document, "innovative payment models" are referred to as "advanced value-based payment models" and are defined to include HCP-LAN Categories 3A and higher.<sup>1</sup> This encompasses payment models with upside risk only, combined upside and downside risk, as well as prospective payment models. Prospective payment models include capitation, global budgets, prospective episode-based payment, and budget-based models with prospective payment and retrospective reconciliation.

These principles build on value-based payment (VBP) efforts for Coordinated Care Organizations and the Primary Care Payment Reform Collaborative.<sup>2</sup> Their intent is to align efforts across public and private initiatives and markets to the extent possible, including the self-insured market, bringing an aggressive focus on advanced value-based payment arrangements across the state.

After the Implementation Committee finalizes and adopts these principles, OHA will convene payers, providers, and purchasers to develop a voluntary compact. After the voluntary compact is signed, OHA will convene a technical group of payers, providers, and purchasers to further develop and support implementation of advanced VBP models.

### Principles

1. All members of the Sustainable Health Care Cost Growth Target Implementation Committee, plus representatives of other larger insurer, purchaser and provider organizations in the state, should develop a voluntary compact to increase the use of advanced value-based payment models to Oregon's providers that commit the signatories to these principles and to concrete action steps to achieve these principles.
2. The fee-for-service payment system has fundamental flaws and has not led to sustainable costs or promotion of improved quality, outcomes, or health equity in the



Convene stakeholders

Sign voluntary compact

Technical group to support implementation

# Recommended Strategies for Quality & Equity

Reporting on a Standard Set of Quality Measures

Monitoring for Unintended Consequences

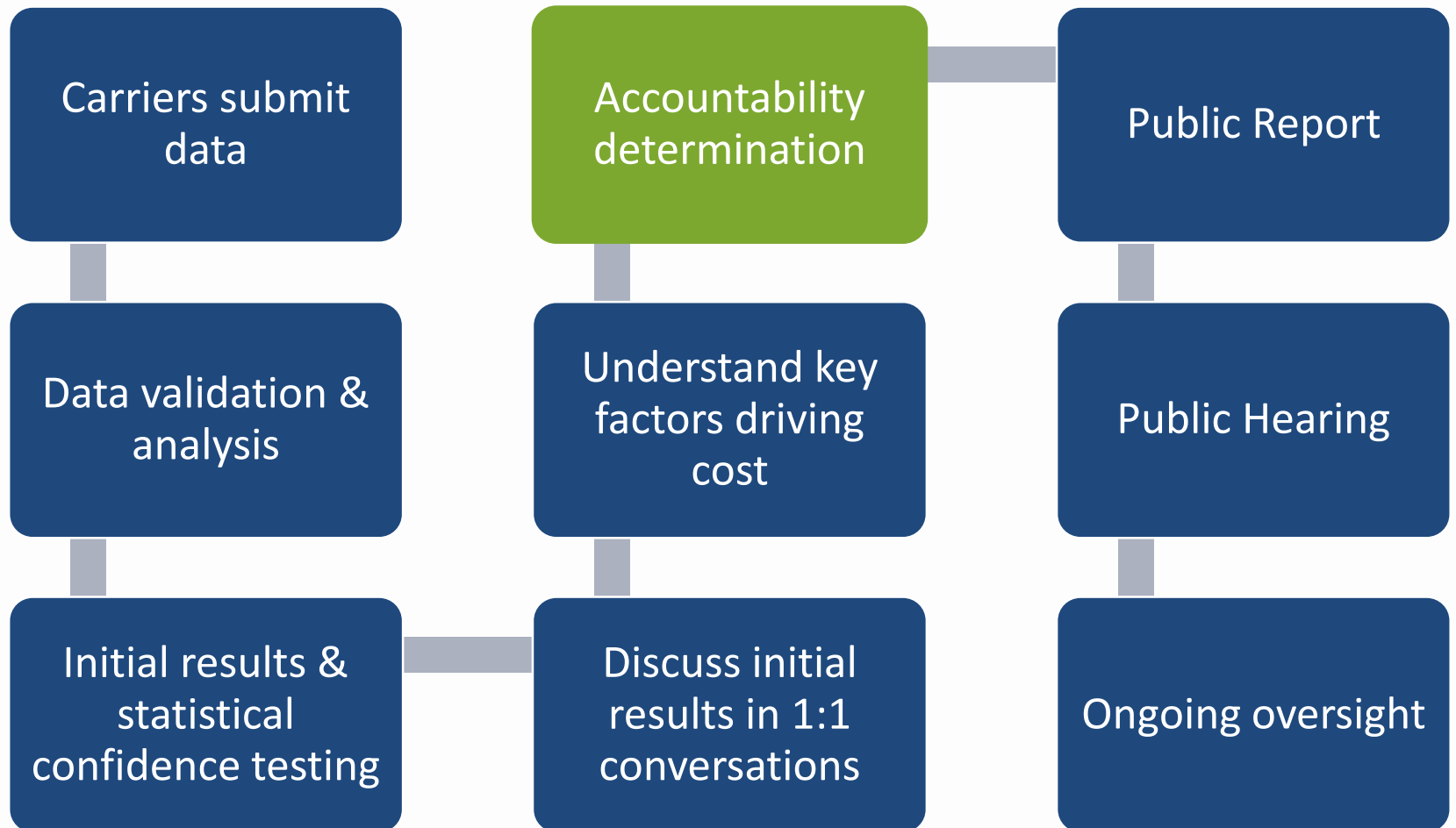
Improving Equity



# Recommended Governance (preliminary)

- Continue Implementation Committee through 2021  
(SB 889 does not sunset Committee until Jan 2022)
- Launch technical advisory group (TAG) to finalize data submission templates and specifications
- Develop future Committee (2022 and beyond)
- OHPB convene public hearings

# Annual Process



# Next Steps

<b>December</b>	Implementation Committee Meeting <i>Finalize recommendations report</i>
<b>January</b>	Submit final report
<b>2021 Session</b>	Consider accountability legislation
<b>Q1 2021</b>	OHA begins publishing data reports <ul style="list-style-type: none"><li>• health care cost trends</li><li>• commercial and Medicare prices</li></ul>

# For More Information

## Interim Report

[https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/889%20Interim%20Progress%20Report%20to%20the%20Leg\\_Sept%202020%20FINAL%20.pdf](https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/889%20Interim%20Progress%20Report%20to%20the%20Leg_Sept%202020%20FINAL%20.pdf)

## December Committee Meeting

<https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>

## Educational Webinar series for Oregon Health Policy Board

<https://www.oregon.gov/oha/OHPB/Pages/OHPB-Meetings-Archive.aspx>  
(11/10, 11/17, and 12/22)