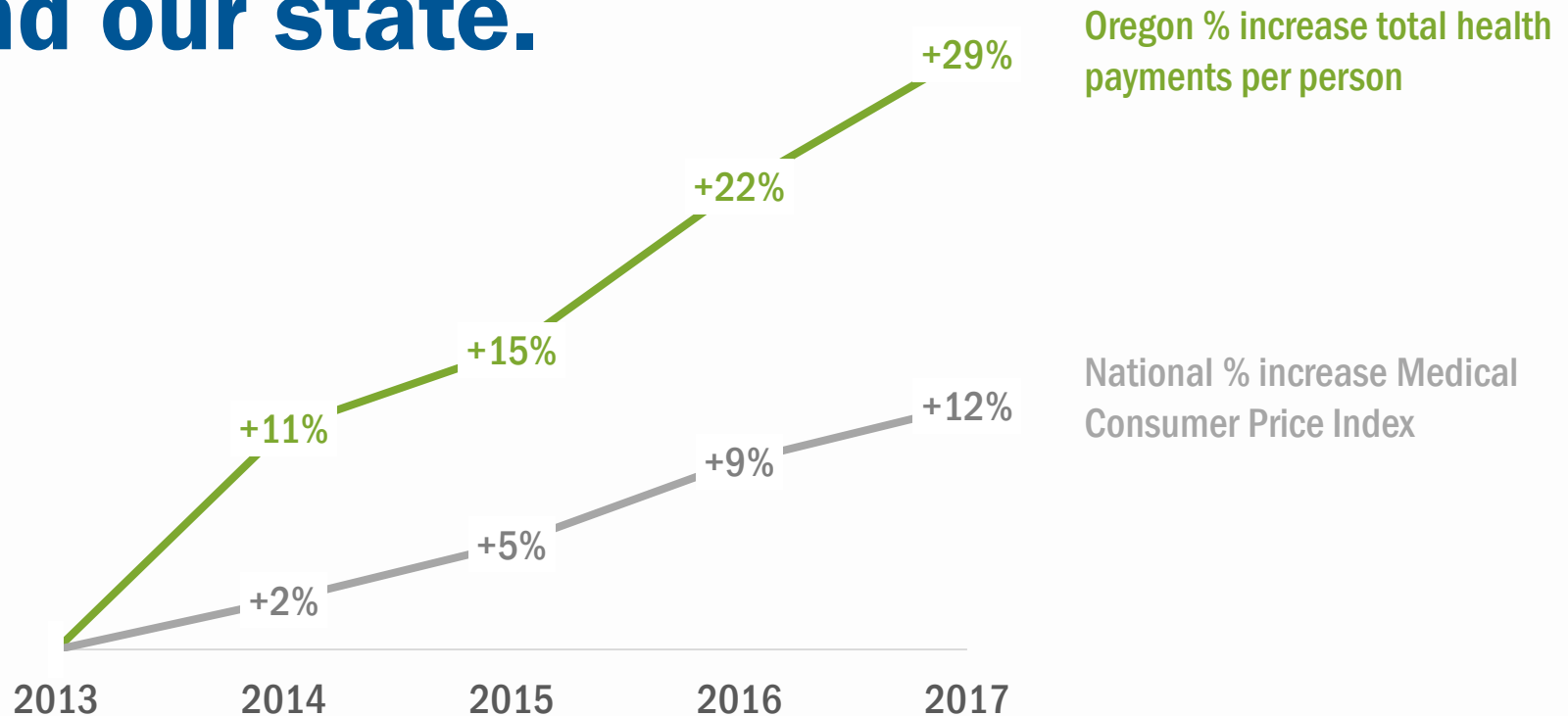

Health Care Affordability

Senate Committee on Health Care
January 27, 2021

Jeremy Vandehey, Director, Health Policy & Analytics

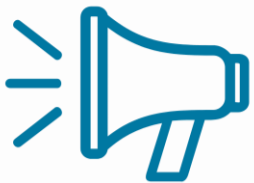


Health care costs are growing too quickly for family budgets, businesses, and our state.



Sustainable Health Care Cost Growth Target

A statewide health care cost growth target provides...



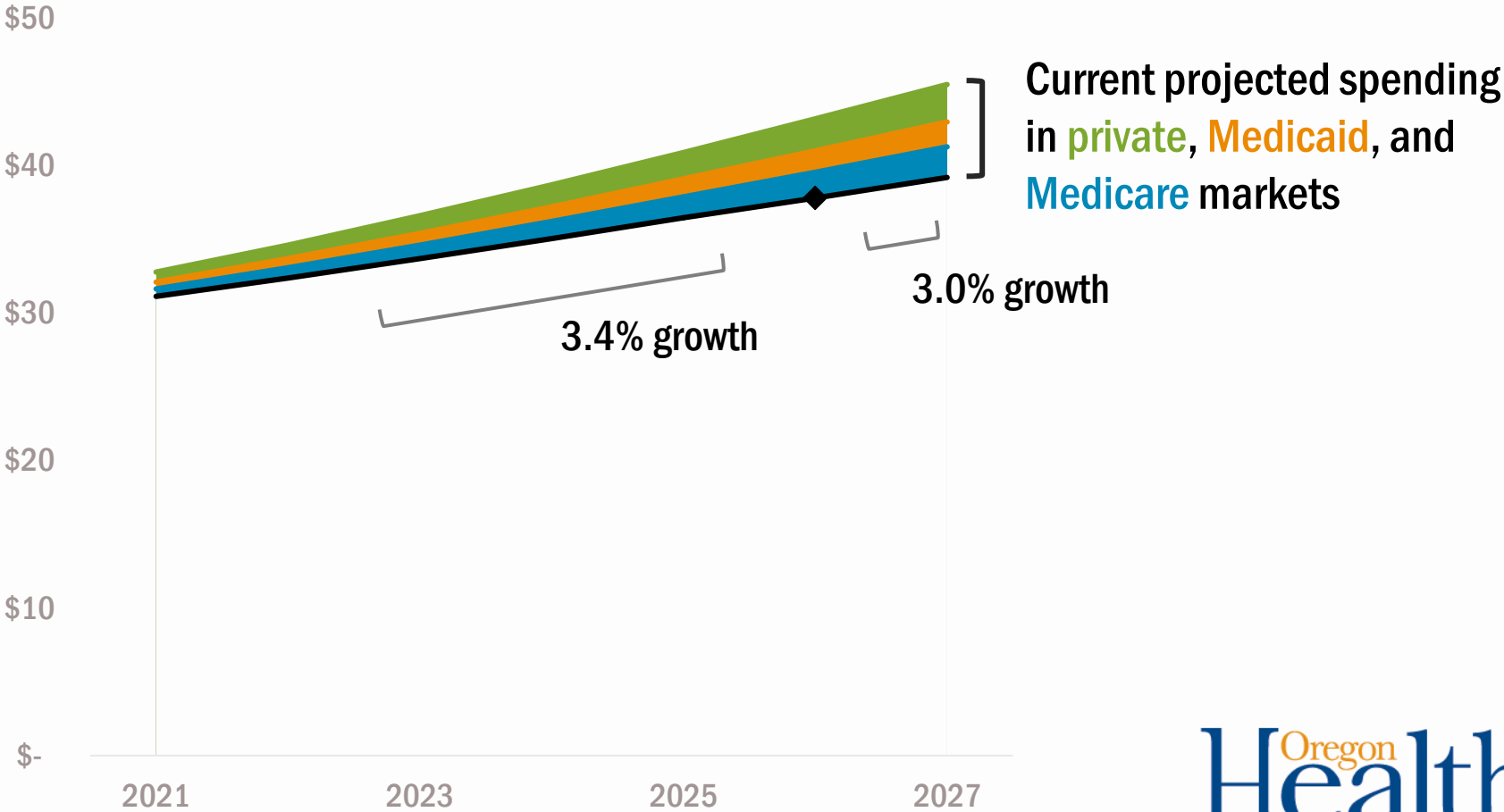
Transparency

Sustainable
Target

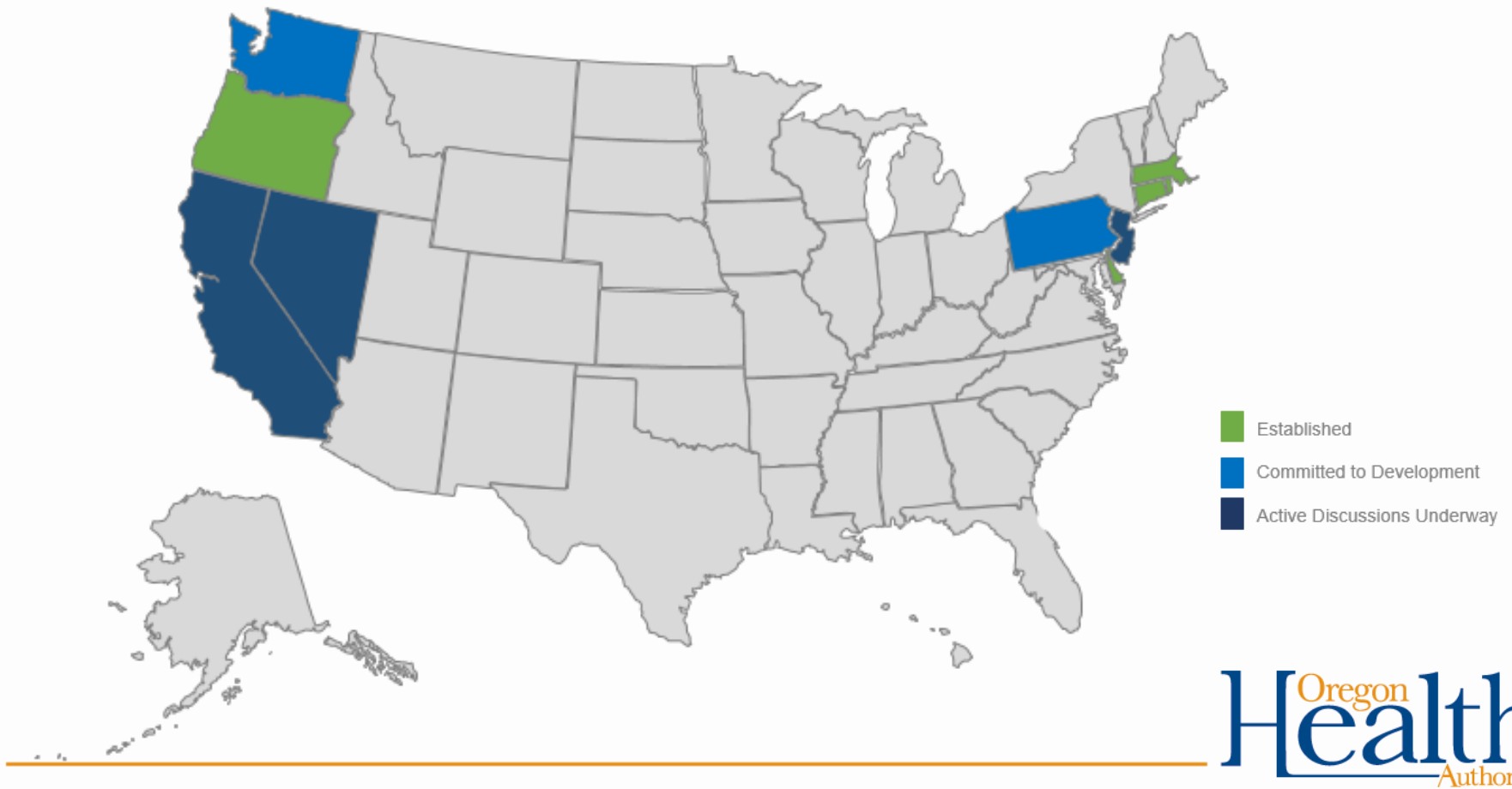
Total Cost of Care
Approach

A Common
Goal

Oregon's cost growth target could save \$16 billion in state, federal and private health care costs over the next 6 years



States implementing health care cost growth targets

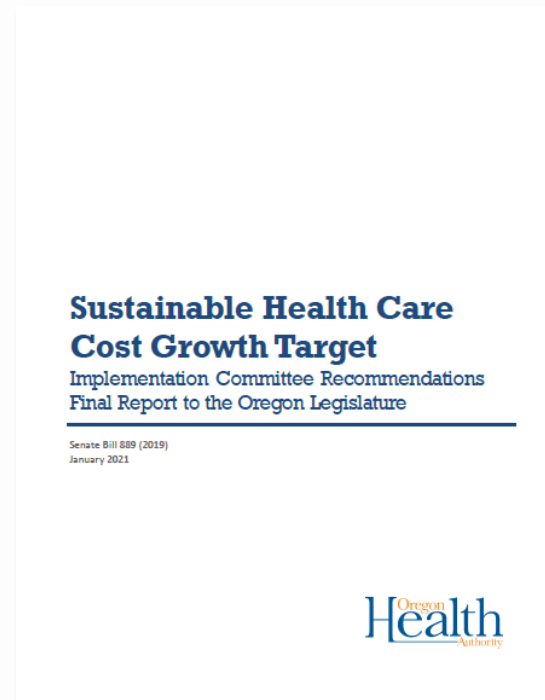


Implementation Committee Recommendations

Committee Workstreams



Final Report – Jan 2021



Set the Cost Growth Target for the next 10 years

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
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Cost growth target = **3.4%**

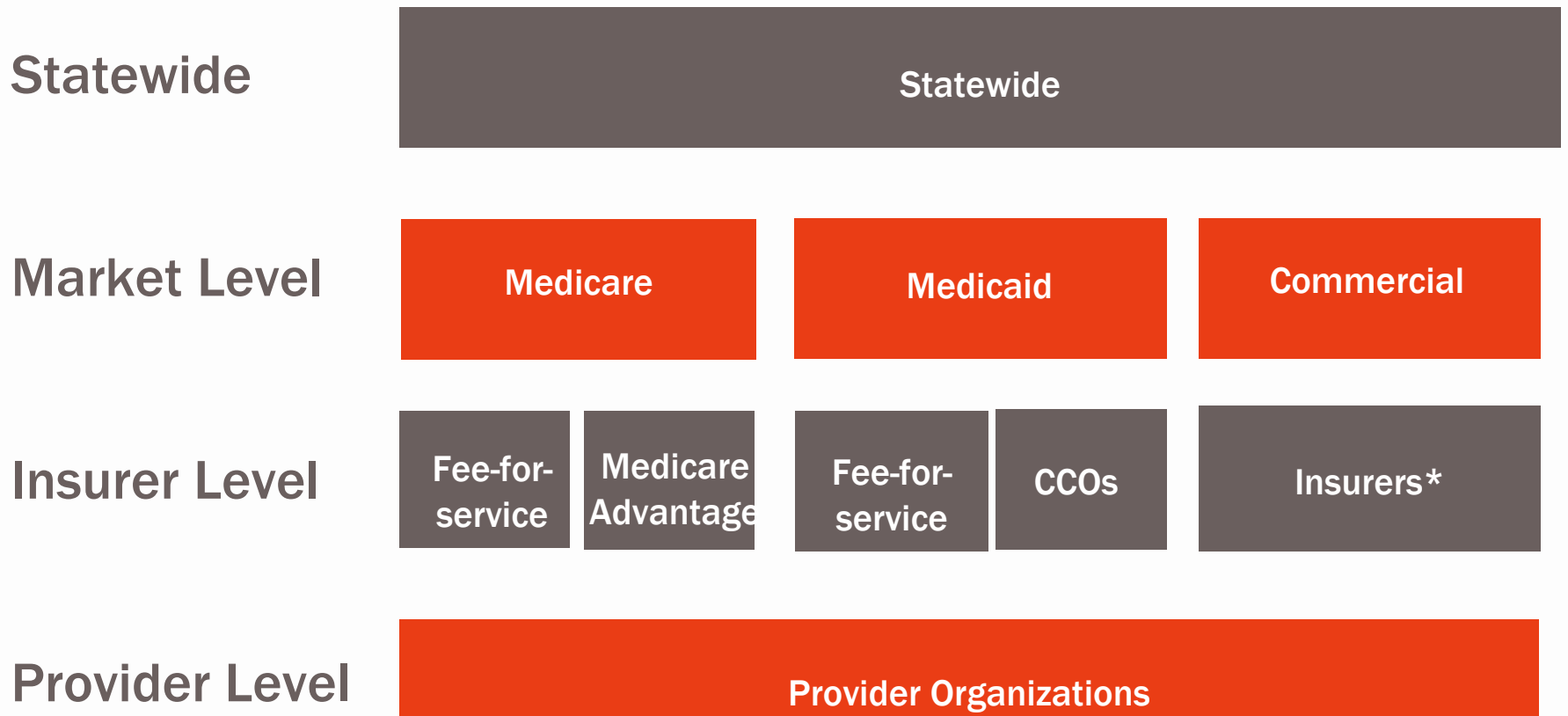
First five years

Informed by historical GDP and historical median wage

Cost growth target = **3.0%**

Next five years

Determined the Cost Growth Target applies at 4 levels



*includes self-insured

Adopted Goals & Principles to guide the Data Use Strategy

The Data Use Strategy is a planned approach for understanding the impact of the health care cost growth target and the factors contributing to health care cost and cost growth in Oregon.

Recommended Mechanisms for Transparency

- Public reports
- Public data files
- Public hearings

Recommended Strategies for Quality & Equity

Reporting on a Standard Set of Quality Measures

Monitoring for Unintended Consequences

Improving Equity

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.¹ 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.² 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

Workgroup to support implementation

Recommended process and mechanisms for accountability

**Ensure
statistical
confidence**

Only payers and provider organizations that exceed the cost growth target with statistical certainty might be held accountable

**Transparency and
Collaboration
(including PIPs)**

Conversations to understand reasons for exceeding target

Public report & public hearings

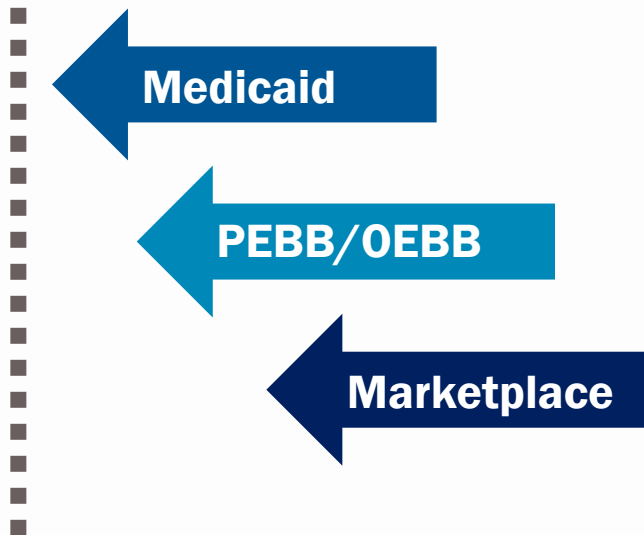
Performance Improvement Plans

**Escalating
Accountability
(financial penalty)**

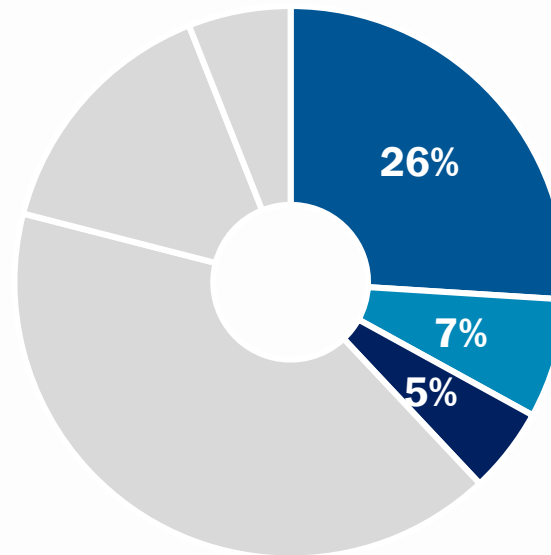
For payers and provider organizations who exceed the cost growth target in any three out of five years

**Aligning towards a common
goal**

Aligning towards a common goal



Leveraging coverage



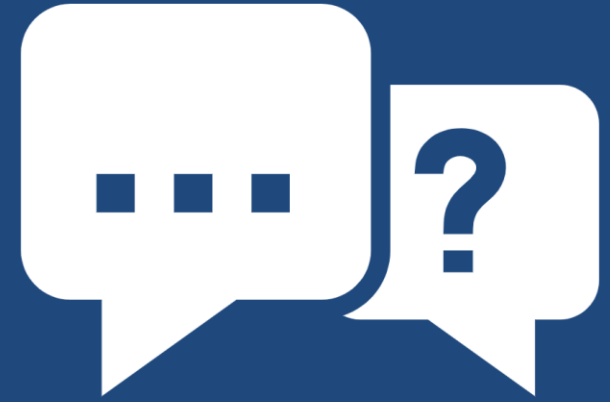
POP 429: A Roadmap for Value-Based Payments

Leverage OHA's leadership role in establishing a statewide, value-based payment roadmap and requisite technical assistance infrastructure to support increased adoption and alignment of VBP across Oregon.



POP 437: Strengthen the Purchasing Power of the Marketplace

- OHA and DCBS joint proposal to move responsibility for running the Marketplace to OHA. This will coordinate quality improvements and reduce costs in health care coverage across Medicaid, public employee plans and ACA plans sold through the Marketplace.
- Significantly enhances OHA's ability to align new payment methodologies and expands on models for better coordinating patient care and health equity.



Questions