

# MEMO

To: Oregon Health Policy Board

From: Dr. Jeanene Smith, Administrator, Office for Oregon Health Policy & Research

Date: December 14, 2010

Re: Value-based Essential Benefit Package

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**Background:** The Office for Oregon Health Policy & Research has spent the past year working on various aspects of the design of a value-based essential benefit package.

- The Oregon Health Services Commission developed a list of value-based benefits that could be used as the core of a value-based essential benefit package.
- Building off the design work of the Oregon Health Fund Board's Benefits Committee, the Office worked with James Matthisen, an actuarial consultant, and the Actuarial Services Unit of the Oregon Health Authority, to develop an actuarial model to determine the costs and potential savings of a value-based essential benefit package.
- Using State Health Access Program (SHAP) grant funds, we hired Dr. Carol Foley to conduct focus groups and one-on-one interviews with potential consumers, employers, insurers, agents, providers and hospitals to better understand consumer reactions and operational considerations of implementing a value-based benefit design.

**Proposed Next Steps:** Staff proposes the following implementation-related activities:

- Assign accountability within the Oregon Health Authority to develop detailed implementation plans for the value-based benefit plan across all OHA lines of business. Items to consider:
  - Use of pilot programs,
  - Phased implementation and/or implementing the most appropriate elements of the design for different populations.
- Create a sophisticated actuarial tool that:
  - Purchasers can use to compare their current benefits with the value-based essential benefit plan and assess how it will impact their health care expenditures,
  - Incorporates additional actuarial work on each value-based service to weigh costs and savings for each intervention.
- Examine how benefit design can be coupled with payment incentives to increase the use of effective services and treatments to improve health, and reduce the use of less-effective services and treatments.
- Work with impacted stakeholders to address administrative and operational concerns.
- Develop and provide outreach and educational tools to support the implementation and adoption of the benefit plan.