

**Payment Reform Subcommittee of the Oregon Incentives & Outcomes Committee  
Meeting Summary**

May 13, 2010  
1:00 – 3:00 p.m.

Subcommittee Members in Attendance

Bart McMullan, MD, Chair, Payment Reform Subcommittee  
Denise Honzel, Co-Chair, Incentives and Outcomes Committee  
Chris DeMars, MPH  
Megan Haase, FNP (phone)  
Steve Jaspersen  
Robert Marsalli (phone)  
William Murray (phone)  
William Olson  
Morgan O'Toole  
Jim Russel  
Sujata Sanghvi (phone)  
David Schlactus  
Rick Wopat, MD (phone)

Subcommittee Members Not In Attendance

David Dorr, MD, MS  
Stephanie Dreyfuss  
David Labby, MD

OHPR Staff in Attendance

Jeanene Smith  
Lynn-Marie Crider  
Gretchen Morley  
Rob Stenger

Public Attendance

5 members of the general public were present for the meeting, none offered public comments.

Meeting Summary (Committee actions or decisions in bold)

**Dr. McMullan convened the meeting at 1:00.**

**Committee approved minutes from the 4/29 meeting.**

Gretchen Morley (OHPR) provided a brief update on efforts to coordinate the work of the Health Policy Board and its committees and answered questions. Key points:

- OHA is convening a monthly meeting of the chairs (or designees) and staff of all committees. In addition, the OHA communications office will produce a monthly newsletter containing an update on each committee's work that will be distributed to the Health Policy Board and all committees.

- Chris DeMars attended the first committee chairs' meeting on 5/4/10 as a representative of the PR subcommittee. Committees represented at the meeting included:
  - Incentives and Outcomes Committee
  - Payment Reform Subcommittee
  - Quality and Efficiency Subcommittee
  - State Health Improvement Plan Committee
  - Workforce Committee
  - Public Purchasers Committee
  - Safety Net Advisory Committee
  - Medicaid Advisory Committee
  - Medical Liability Task Force
  - Insurance Exchange Advisory Group
  - Health Resources Commission
  - Health Services Commission
  - Health Information Technology Oversight Committee (HITOC)
  - Administrative Simplification Advisory Group
- Legislative concepts from the Health Policy Board and Committees for the 2011 Legislative Session are due in September. Committee members discussed whether the committee should propose a legislative concept relating to antitrust protection to facilitate multi-payer collaboration on payment reform.
- The Payment Reform subcommittee will interact most closely with the Public Purchasers committee and the Quality and Efficiency subcommittee to develop and implement its recommendations.

Bart McMullan led a discussion on the Draft Payment Reform Principles (see meeting materials). Key discussion points and recommendations:

- Add a separate principle that specifically addresses cost containment.
- Accountability should be required of all parties, not just physicians/hospitals. Revise language under all principles to reflect this more inclusive notion of accountability.
- There is a tension between "transformation" and incremental payment reforms that represent improvements over the status quo. Principles should reflect that system transformation and incremental improvement are both valuable.
- Revise equity principle to focus on "evidence-based care."
- Transparency principle should focus on 3 key issues: payment method/incentives, price of treatment options (to consumers/payers), and price and quality variations.
- Distinguish clearly between "cost" and "price". Cost is internal to a provider, price is the amount paid by consumers and purchasers. Mostly we're interested in price.
- Try to link the principles more closely to the triple aim.

Robert Stenger (OHP) provided a brief overview of Oregon data on cost, utilization and quality trends in Oregon. (Slides were distributed to committee members.) Key points raised by members of the committee:

- Current Oregon-specific data on payment is very limited.
- Comparative price information that exists for hospitals is very limited because of the lack of standardization in how hospitals bill for services (e.g. whether anesthesia charges for a surgery are billed by the hospital or separately by the physician).

- Despite being a “low cost/low utilization” State in the eyes of Medicare, Oregon is actually a fairly high cost state in the commercial insurance market.

John McConnell, PhD. (OHSU) provided an overview of Accountable Care Organizations (ACOs). (Slides were distributed to committee members). Dr. McConnell has been participating in an ACO Learning Network co-sponsored by the Brookings Institution and the Dartmouth Institute for Health Policy and Clinical Practice. Key points and discussion questions included:

- ACOs are different from managed care in that they separate insurance/actuarial risk from performance/clinical risk and only hold the ACO accountable for performance risk.
- Any entity meeting CMS criteria as ACOs will be eligible to receive Medicare payments for ACOs starting in 2012 under the Medicare “shared savings” program. There are also more limited ACO demonstrations planned for the Medicaid program as part of Federal health reform.
- Some Oregon communities (e.g. Bend) are developing organizational relationships among health care providers that could form the basis for developing an ACO. Other regions with a large number of small independent medical practices are much further from the organizational structure needed to create an ACO.
- ACOs could be supported by a variety of payment methods, ranging from fee-for-service to capitation. Regardless of the payment method, the focus is on accountability for care outcomes.
- There are no good estimates on the amount of money that could be saved if ACOs were developed across Oregon, but early national trials in Medicare were promising in demonstrating savings.
- Primary Care Homes are an important care delivery structure within ACOs, the models fit well together.
- The Health Leadership Task Force is developing a multi-payer medical home pilot project focusing on intensive nurse management of high-risk patients in a small number of primary care clinics.

Dr. McMullan moderated a discussion among the committee regarding next steps. Key points included:

- Staff will revise payment reform principles and send out to committee members for further comment. Revised principles will be shared with the Quality and Efficiency committee.
- Staff will poll the committee on current payment problems in Oregon that fail to adhere to the draft payment reform principles and prevent progress towards the triple aim. Committee members offered several examples of problems:
  - cost shifting resulting in inequity,
  - lack of price transparency for consumers,
  - incentives to “cherry pick” healthier patients when services are underpaid.
- Committee members would like to have a more detailed understanding of federal reforms relating to payment reform.
- Committee members would appreciate the input of technical experts, such as Dr. McConnell, during future discussions about specific payment reform proposals.

Dr. McMullan adjourned the meeting at 3:00 pm.