

**All Payer All Claims Technical Advisory Group (TAG)  
August 13, 2015 Meeting Summary**

**ATTENDANCE**

Members

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|---|--|
| <input type="checkbox"/> Wendy Apland, PeaceHealth                    | <input type="checkbox"/> Cindi McElhaney, Q Corp                 |
| <input checked="" type="checkbox"/> Ben Chan, CHSE                    | <input checked="" type="checkbox"/> Colleen McManamon, Regence   |
| <input checked="" type="checkbox"/> Krista Collins, OPCA              | <input checked="" type="checkbox"/> Leif Rustvold, CORE          |
| <input checked="" type="checkbox"/> Bill Dwyer, Moda Health           | <input checked="" type="checkbox"/> Brian Sikora, Kaiser         |
| <input checked="" type="checkbox"/> Bernadette Inskeep, United Health | <input checked="" type="checkbox"/> Jeanette Sims, PacificSource |
| <input checked="" type="checkbox"/> John Limm                         | <input checked="" type="checkbox"/> Danielle Sobel, OMA          |
| <input checked="" type="checkbox"/> Joe Lyons, SEIU                   |  |

Other Attendees

- |  |  |
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| <ul style="list-style-type: none"><li>• Ethan Baldwin, DCBS</li><li>• Tanya Bernstein, Freedman HealthCare</li><li>• Betsy Boyd-Flynn, Q Corp</li><li>• Stacy DeLong, OHA</li><li>• Veronica Guerra, OHA</li></ul> | <ul style="list-style-type: none"><li>• Steve Merryman, Q Corp</li><li>• Al Prysunka, Milliman</li><li>• Alyssa Ursillo, Freedman HealthCare</li><li>• Will Wiegel, Milliman</li><li>• Gayle Woods, DCBS</li></ul> |
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Facilitator: Robin Gumpert, DS Consulting

**SUMMARY**

OHA presented information about reporting requirements from the Oregon Legislature and Governor's Office where about APMs would improve the completeness and accuracy of reporting, and a list of APMs for which data are needed to meet the requirements (available [here](#)). The TAG agreed to discuss APMs used by data suppliers and possibilities for reporting data from each APM, proceeding by APMs on the list.

**Pay-for-Performance (P4P) and Payment Penalties**

- Carriers may implement P4P in two ways: through bonus payments or as contractual adjustments.
  - Bonus payments: If a provider meets goals in the contract year, the provider receives a bonus payment. The bonus is paid outside the claims system and not captured in APAC.
  - Contractual adjustments: If a provider meets goals in the contract period, the provider receives an adjustment to its rates in its next contract in recognition that it met the goals. The adjustment may be determined through negotiation between the carrier and the provider. In this case, the P4P payment is “baked in” to the rates the provider receives and paid through the claims system. The P4P payment is captured in APAC, although the amount of the payment is virtually impossible to identify (the amount could be thought of as the difference between the payment the provider *actually* received and the payment the provider *would have* received had it not met goals in the previous contract year). P4P payments made through contractual adjustments may be in recognition for goal met in a previous contract period (not the most recent contract period, which would complicate efforts to report on P4P payments made in a given year).
- Data supplier representatives shared information about how carriers use P4P in Oregon, including how payments are made and timeframes. All six carriers represented on the TAG reported using

P4P payments; three carriers use bonus payments, and three use contractual adjustments (one uses both systems).

- Kaiser has a P4P arrangement with its internal medical group. This arrangement is annual, based on Kaiser’s entire population, and not tied to specific members, visits, or providers. Kaiser also has P4P arrangements with its two hospitals at the organization level, not tied to specific patients or providers. Payments are made to the hospitals at the tax ID level.
- Lifewise uses P4P payments based on incurred date and contract year. Payments are made after a six-month lag.
- For Moda, some bonuses may be implemented as future contractual adjustments.
- PacificSource has P4P arrangements where payments are reconciled outside the claims system. The arrangement includes targets and metrics, agreement on the amount the carrier is investing. Providers receive an aggregate payment outside the claims system, which could be a bonus or an amount withheld. Bonus payments are based on incurred date, although they are not all paid at the same time.
- Regence uses contractual adjustments paid through the claims system. Its P4P payments appear as fee-for-service payments.
- United uses bonus payments and contractual adjustments. Bonus payments may be captured in United’s cost accounting system, but are not captured in its claims system. Payments are made on an annual basis.
- The TAG discussed possibilities for reporting P4P payments.
  - It might be possible to identify providers that receive contractual adjustments, but it would be nearly impossible to identify the amount of the contractual adjustments. Many factors enter into contract negotiations, and a carrier may negotiate with thousands of providers. As a result, it would be nearly impossible to parse out increases in payments to providers for performance from the increases due to other factors.
  - Tying bonus payments to a provider is easier than tying bonus payments to a group, although tying to providers is not necessarily easy: many payments are made to provider groups, not individual providers.
  - Many P4P arrangements are handled on an ad hoc basis, often in Excel and outside the carrier’s data systems.
  - The TAG discussed reporting P4P payments for primary care in order to improve reporting for Senate Bill 231. Rather than reporting P4P payments, Kaiser suggested that it could provide a “price sheet” with prices for services defined as primary care in SB 231, and that prices could be multiplied by utilization from APAC to calculate total spending on primary care. The result would align with costs reported to DCBS.

### **Shared Savings and Shared Risk**

- Data supplier representatives shared information about how carriers use shared savings payments in Oregon, including how payments are made and timeframes. Three carriers on the TAG reported using shared savings payments.
  - Kaiser has a very large shared savings arrangement, administered on an annual basis.
  - Moda uses a shared savings arrangement where providers can be at risk for dollars but not earn a bonus for savings (for example, a provider may meet goals well enough to avoid paying a penalty but may not receive a bonus).
  - Regence: Providers have “downside” risk, meaning they must pay dollars back if they do not meet savings goals.

### **Reporting on Payments/Penalties vs. Dollars at Risk**

- Carriers noted that different APMs may have different impacts on payments to providers and on providers' behavior. For example, a provider in a P4P arrangement may be at risk of not receiving a bonus, whereas a provider in a shared savings arrangement may be at risk of losing a share of payment for the provider's entire volume of services (potentially, a much greater amount).
- A provider participating in an APM may not receive increased payment for meeting goals, but may still be at risk for dollars (for example, if the provider meets goals sufficiently to avoid a penalty). As a result, reporting number of providers that received bonus payments or contractual adjustments, or reporting increased dollars paid through either mechanism, would undercount participating in APMs. As an alternative, the TAG could explore reporting *dollars at risk* as an indicator of payment transformation.

### **Episodes of Care and Bundled Payments**

- Under episode-based payment arrangements such as APC or DRG, all claim lines and claim line codes appear in the claims system, with payment for the entire episode on one line. This means that claim lines and dollars paid under episode-based payment arrangements are captured in APAC, but that these claim lines and dollars are not identified as paid under an episode-based payment arrangement or as belonging to a specific episode.
- Depending on the carrier and the contract, episode-based payments may cover services only one day after a surgery, or up to nine months after a surgery, or any other period.
- Data supplier representatives shared information about how carriers use episode-based payment in Oregon, including how payments are made and timeframes. Four carriers represented on the TAG reported using episode-based payments.
  - Lifewise uses episode-based payment arrangements that are processed through the fee-for-service system, but may make settlements with the bundle administrator months after the fee-for-service payment. As a result, dollars paid under episode-based payment may not be entirely captured in the claims system.
  - Moda uses episode-based payment arrangements, but does not have the ability to identify claims lines paid under this APM.
  - Regence uses episode-based payment arrangements and has the ability to identify claim lines paid under this APM.
  - United uses bundled payments.
- The TAG discussed reporting for Senate Bill 900, which requires OHA to report median prices paid for the 50 most common inpatient procedures and 100 most common outpatient procedures from APAC.
  - There is no industry standard definition for "procedure." For some services, it makes sense to count the entire outpatient claim as a procedure; for others, it makes sense to count claim lines.
  - Simple options for SB 900 would be counting the most common procedure codes or counting DRGs (although DRGs are not really procedures).

### **Capitation**

- Data supplier representatives shared information about how carriers use capitation in Oregon. Two carriers represented on the TAG reported using capitation.
  - The vast majority of Kaiser members are under some form of capitation. Some services Kaiser provides (for example, nursing) are not paid for under capitation. As a result,

capitation payments could not simply be added to dollars for Kaiser's encounters in APAC to show Kaiser's total costs.

- Lifewise, Regence, and United do not use capitation in Oregon.
- PacificSource uses capitation in CCO contracts. Capitation payments made by CCOs are reported on Exhibit L, the CCO financial statement.

**Action Items**

- OHA will draft options for capturing data from APMs discussed, and will distribute the drafts in advance of the next meeting. OHA will also distribute a high-level timeline for implementing data collection (OHA plans to begin data collecting with the January 2017 submission).