

DRAFT

**Sustainable Healthcare Expenditures Workgroup
Meeting Minutes
November 19th, 2014**

Committee members present:

Denise Honzel, Chair – Oregon Business Council
Kraig Anderson – Moda Health
Peter Davidson [phone] – PacificSource Health Plans
William Ely [phone] – Kaiser Permanente
James Gajewski, MD – Oregon Medical Association
Jesse Ellis O’Brien [phone] – OSPIRG
William Olson [phone] – Providence Health & Services
Greg Van Pelt [phone] – Oregon Health Leadership Council
Kelvin Wursten – Cambia Health Solutions

Not attending:

Dean Andretta – Willamette Valley Community Health
Jon Hersen – Legacy Health
Glenn Johnson – PeaceHealth

Others present:

Oregon Health Authority: Lori, Coyner, Stacy DeLong, Veronica Guerra, Jeff Winkley
Oregon Insurance Division: D’Anne Gilmore
OHSU: John McConnell, PhD, Aaron Mendelson

Welcome

Chair Denise Honzel convened the meeting and group agenda was reviewed.

SHEW directive and deliverables review

Lori Coyner presented the SHEW review of its directives and deliverables to the OHPB. This began with the overview of the process including the Governor’s June 2013 letter to the OHPB and the specific strategies the Board gave in response which precipitated the need for the SHEW: move the marketplace toward a sustainable and fixed rate of growth. From there the work plan to date was reviewed culminating in the consensus reached by the group on the calculation methodology framework, with the remaining step being finalizing recommendations to the OHPB for their December meeting.

Lori noted a slight change in the agenda for the remainder of this presentation which outlines the recommendations specifics is to be held after John McConnells’ presentation on the update of the calculation.

Presentation slides can be viewed here:

**Sustainable Healthcare Expenditures Workgroup
Meeting Minutes
November 19th, 2014**

Update of health care expenditure methodology

John McConnell updated the workgroup on the methodology and calculation estimates as they stand. The update included a review of the overall plan and also as a follow up from the November 7th meeting an outlay of the Medicaid 2012 budget of compared to the expenditure that has been presented. The results is that the numbers are in a close range, both approximately \$2 billion. In addition to the Medicaid number there were updated estimates on Commercial, Medicare FFS, Duals, Veterans Affairs, and Uninsured. Mostly these are preliminary estimates with more vetting and refining of the numbers to be undertaken. Yet to have an estimate at this point in time is the Medicare Advantage population. John then described the population and PMPM checking he and his team were doing to ensure reasonability of the numbers. There is still more effort needed on these numbers as well.

Committee questions and discussion included:

- Question raised that Medicaid children versus adult spending look to be off?
 - Answered as they actually do look reasonable.
- John wanted to get a better understanding of the Dual eligible population spending, he feels his numbers in terms of the proportion between Medicare and Medicaid may be off. He will follow up with OHA resources for more input.
- John and the workgroup agreed that the Veterans Affairs number looked to be very high at \$959 million. Question was also raised and answered by John that this is a statewide total.
- A request was made of John McConnell concerning the calculation and excluded items if definitions and data sources for each of the components be mapped out.
- John pointed out the population check led to a potential undercount by approximately 600K. He will be looking into the reason for this.
- Potential caveat of primary versus secondary coverages and ensuring no double counting.
- Question if Medicare FFS excludes Part D pharmaceuticals?
 - Answered by John, yes, excludes Part D.
- It was pointed out by Kraig Anderson that the Medicaid PMPM are around half that of Commercial PMPM, there is the potential that this could lead to a misunderstanding that Medicaid patients cost half as much as Commercial patients to treat, when in actuality this reflects more of a cost shift by providers, Medicaid is under reimbursed and thus more is put on to the Commercial population. Messaging on what these numbers mean will be important.

Presentation slides can be viewed here:

Recommendations to OHPB

Lori Coyner returned to her presentation to finish meeting out with recommendations needed from the workgroup for the OHPB. The recommendations should ideally capture listing of excluded items,

**Sustainable Healthcare Expenditures Workgroup
Meeting Minutes
November 19th, 2014**

data gaps or other issues, potential areas for improvement, timeframes, next steps in the process beyond SHEW into next year(s) and utilization and purpose of the calculation.

Committee questions and discussion included:

- Can premiums be used instead of calculation PMPM
 - Answered by the committee in the discussion, premiums veer away the already agreed upon methodology and is also fraught with its own limitations and caveats.
- Should carrier profit be included as a line item in the calculation
 - Answered by the committee in the discussion, profit would be inherent in the spending for care as part of the allowed amount. In addition would inevitably draw attention and scrutiny and thus would not make sense to make this a part of the methodology.
- Ideally would like an outcome of the calculation to help improve efficiencies in the system.
- The following is a synopsis of the issues and next steps from workgroup members that were recorded on the flip chart:
 1. Lower reimbursement for Medicaid/Medicare is reflected in lower PMPM, but doesn't equate to lower cost to provide care.
 2. Items not included such as direct cost of care, non-claim based/flexible spending, care givers, transportation.
 - MLR definition - David Roher
 - Administration vs. care management
 3. Capturing Alternative Payment Methodologies
 - Using claims data has limitations
 - FFS Proxy for APMs in claims data not reflect cost of care, not accurate, understated
 - How to reconcile that APMs are encouraged as a part of health care innovation and transformation yet data collection and reporting still reliant on FFS claim framework
 - Payment systems continuing to evolve and changing over time would impact expenditure trend
 - Other changes in reimbursement for providers
 - ICD10
 4. Using claims data and or expenditure calculation for provider treatment patterns and individual treatment decisions would be inappropriate
 - Keep quality drill downs out
 5. Acuity adjustments in future iterations?
 6. Keep calculation simple, as gross measure
 - Consistent measure over time that is repeatable, reliable
 - Attempting to add too many components/detail would lead down to too many rabbit holes
 7. Start with APAC and build out
 - Feasible way to get something done
 - Accept flaws, this is a starting point

DRAFT

**Sustainable Healthcare Expenditures Workgroup
Meeting Minutes
November 19th, 2014**

8. For both APAC and other source data:
 - Work to improve data accuracy and quality
 - Examine caveats and how data will be used
9. Explore transaction costs and overhead
10. What can be done with this information towards Governor's letter
 - A group should examine
 - Need mandate from OHPB
 - Clarity on use from OHPB
 - Ensure the use is beneficial and not detrimental
 - Stay with diverse views/voices for input

Next Steps:

- A report is due to the OHPB prior to their December 2nd meeting on progress and recommendations to date
- It was proposed that the workgroup meet in December after the board meeting to see an update of the calculation as well as feedback and input from the OHBP resulting from the 12/2 meeting.

For more information on this workgroup, please visit <http://www.oregon.gov/oha/Pages/srg.aspx>