2013-15 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Office for Oregon Health Policy and Research
Program Name: Health Care Transformation Support
Policy Option Package Initiative: Transformation Support Initiative
Policy Option Package Title: Health Care Transformation Support 2013 - 2015
Policy Option Package Number: 402
Related Legislation: ORS 414.655 & 442.210, 2011 OL, Chapter 602 (HB 3650)
Program Funding Team:

Summary Statement:

This Policy Option Package (POP) is vital to transforming health care delivery and supports the state's efforts to improve quality, provide better care, and lower costs. There are four major Program Areas under this POP: 1) The All-Payer All-Claims Data Collection Program that is the statewide collection of health care data from all payers in Oregon for intensive data analytics, 2) The Patient-Centered Primary Care Home (PCPCH) Program with PCPCH's as a key feature of enhanced care coordination, and 3) the Health Evidence Review Commission (HERC) to support the development of evidence-based tools for healthcare purchasing decisions and 4) The Community Health Innovation Fund*

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$5,234,532***	**$(310,414)**	**$4,328,631***	**$9,252,749***

This amount reflects late changes anticipated for Policy Option Package 402 and therefore does not equal the amount in ORBITS.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This Policy Option Package (POP) is vital to transforming health care delivery and supports the state's efforts to improve quality, provide better care, and lower costs. Details of the three major Program Areas under this Package and how they are to be implemented are as follows:

Program Area #1: All-Payer All-Claims Data Collection Program

The All-Payer All-Claims data collection will be a central data source for the production of metrics to evaluate the performance of Coordinated Care Organizations along with other OHA programs and private carriers. APAC holds the promise to give providers better data to benchmark performance and identify quality improvement opportunities and give consumers better cost and quality information. OHA now has two years of APAC data collected spanning January 2010-December 2011. Data is submitted quarterly and is maintained through contract by Milliman. Currently, the APAC dataset collection is funded through State Health Access Program grant that will end in August 2013. This POP would provide funding to ensure that the APAC is supported for the remainder of the 13-15 biennium.

Program Area #2: Patient-Centered Primary Care Home (PCPCH) Program

A strong primary care system through a network of recognized Patient-Centered Primary Care Home (PCPCH) providers is a requirement of newly developed Coordinated Care Organizations (CCOs), to the extent practicable. Without sustainable program funding and a system for recognizing PCPCHs, CCOs will not have this strong primary care base to wrap themselves around nor will the OHA be able to meet its goal of providing access to a PCPCH for 75% of Oregonians by 2015. To date, the program has been funded solely by federal grant funds, which is not sustainable for a program of this scope and size. This POP would allow OHPR to continue working across all OHA divisions to successfully implement the PCPCH program (including Medicaid, PEBB and OEBB) and provide technical assistance to recognized PCPCH providers

and all primary care providers pursuing primary care transformation. More specifically, activities currently underway that require sustainability include:

1. Maintenance and refinement of the PCPCH provider standards, including statewide stakeholder input processes;
2. PCPCH provider application development, review, and recognition;
3. PCPCH provider application verification site visits (audit);
4. Development and implementation of provider technical assistance and learning opportunities;
5. Developing opportunities for multi-payer participation in the program; and
6. Program evaluation (linked to health system transformation).

Sustaining the program and its activities will provide expertise and assistance to the Division of Medical Assistance Programs (DMAP) and the rest of the Oregon Health Authority in the development of state plan amendments and other processes to ensure Oregon complies with federal requirements and maximizes any federal or other funding opportunities. Additionally it sustains the linking of PCPCH and CCO implementation across the OHA, development and implementation of processes for client identification and educational tools that can be used by PCPCH sites statewide, and development and implementation of processes for PCPCH provider payments.

Program Area #3: Health Evidence Review Commission (HERC)

With this POP, the Health Evidence Review Commission (HERC) will be able to further the identification and interpretation of comparative effectiveness research necessary to develop evidence-based guidelines, health technology assessments, and coverage guidance. This work is necessary to provide critical information and guidance for both public and private stakeholders to purchase and deliver health care that is both clinically effective and cost-effective. Specifically, it will provide the tools necessary to support Health Evidence Review Commission (HERC) to:

- Partner with existing state, national and international efforts already investing in clinical outcomes and effectiveness research, supporting high quality comparative effectiveness research and using the best

available data and evidence to make public and transparent policy decisions. By using clinical outcomes and effectiveness research, evidence-based guidance can be developed for use across all of Oregon's healthcare sectors regarding the coverage of new and existing procedures and services.

- Develop standard sets of evidence-based guidelines for all providers serving Oregonians, starting with the treatment of chronic conditions, by reviewing and endorsing existing high-quality guidelines whenever possible, and convening experts to create them when they don't exist. As developed, policies can be written to require providers serving patients in publicly funded programs to follow these evidence-based guidelines. The HERC works with private purchasers and health plans in the development of these guidelines, and common policies can be developed that encourage the utilization across both the public and private sectors.
- Develop health technology assessments of new and existing technologies in cases where systematic reviews of evidence have not already been conducted. These assessments can then be translated into easily understood guidance to purchasers and insurers on appropriate coverage decisions.

Program Area #4: Community Health Innovation Fund

Competitive innovation grants to communities to work with and through the CCOs to implement evidence-based community and clinical interventions to improve health. Using innovation grants to fund communities that want to reduce the burden of chronic health conditions and improve health will:

- Reduce the current and future health and economic costs of these conditions, which is hundreds of millions of dollars.
- Meet the requirements of Oregon's Medicaid waiver to bend the cost curve by 2% in under 2 years.
- Generate additional Medicaid match.
- Ensure CCOs have savings in their global budgets to reinvest at the local level.
- Accelerate health system transformation and promote health equity.
- Allow communities to learn from one another, and provide a natural laboratory to better understand what works and where.

2. WHY DOES OHPR PROPOSE THIS POP?

HB 2009, Oregon's health care reform legislation, created the Oregon Health Authority to advance the "triple aim" goals of health reform: a healthy population, extraordinary patient care and reasonable costs. This POP would support specific efforts to advance these goals in the areas of providing quality data analytics, improving effect primary care and enhancing care coordination, and developing evidence-based clinic research and guidance. Each of these efforts are key components to Oregon's health system transformation.

Under Program Area #1, this POP includes resources for the Office of Health Analytics within OHPR to continue the implementation of an all payer data collection program that is a cornerstone data source for measuring the performance of OHA, Coordinated Care Organizations, and larger multi-payer health reform efforts. An all payer data collection program will mean that cost and quality information will be available to all Oregonians based on the experience of the 83% of residents who are insured. This would allow us to understand how well the health care delivery system in Oregon is dealing with key drivers of costs, such as chronic illnesses, and how well regions within the state compare to other parts of the state.

The Patient Centered Primary Care Home (PCPCH) Program (Program Area #2) is a model of primary care that has been recognized for its potential to advance the "triple aim" goals through a focus on wellness and prevention, coordination of care, active management and support of individuals with special health care needs and a patient and family centered approach to all aspects of care. In its Action Plan for Health, the Oregon Health Policy Board charged the Oregon Health Authority (OHA) with providing access to patient-centered primary care for all of its covered lives including Medicaid, state employees, and Oregon educators. The OHA is also currently reorganizing the way care is delivered to Medicaid beneficiaries to a system of Coordinated Care Organizations (CCOs). A strong primary care system through a network of recognized PCPCH providers will be a requirement of CCOs, to the extent practicable. Without sustainable program funding and a system for recognizing PCPCHs, CCOs will not have this strong primary care base to wrap

themselves around nor will the OHA be able to meet its goal of providing access to a PCPCH for 75% of Oregonians by 2015.

In relation to Program Area #3, the Health Evidence Review Commission (HERC) was newly created in January 2012 to do the work of the previous Health Services Commission in its management of the Oregon Health Plan's Prioritized List of Health Services (which serves as the basis of benefits in the Oregon Health Plan) and the health technology assessment work of the previous Health Resources Commission. The HERC applies the evidence-based research in its work with an open forum for stakeholders and consumers on state-wide clinical guidelines and evidence-based coverage guidance, as well as analyzing and disseminating information on the effectiveness and costs of medical technologies. If funded through this POP, the HERC can provide better access to clinical outcomes and effectiveness reviews in developing evidence-based clinical guidelines and health technology assessments that will be helpful to state purchasers of health care as well as private health plans, providers, private purchasers, and the health care system as a whole. Systematic reviews are the building blocks underlying evidence-based practice as they focus attention on the strengths and limits of evidence from research studies about the effectiveness and safety of a clinical intervention. Public purchasers of health care should be conducting and supporting research on the comparative outcomes, clinical effectiveness, and appropriateness of health care services and health technology devices to meet the needs of Medicaid, the State Children's Health Insurance Program (SCHIP), the Public Employees Benefit Board (PEBB), the Oregon Educator's Benefit Board (OEBB) as well as the recipients of any publicly purchased health care to ensure that Oregonians are getting the right care at the right time and place.

Program area 4 will further strengthen the partnership that communities have with the implementation of CCO's by providing grants to communities to work with, and through their CCOs to implement evidence-based community and clinical interventions to improve health.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS?

This POP directly support OHA's mission to further the triple aim of improved health, higher quality of care, and reduced costs through each of the program areas:

#1: Analysis of APAC data will allow Oregon to analyze, report on, and evaluate OHA and Oregon progress toward the triple aim.

#2: Continued support of the PCPCH program will allow Oregon to meet the Oregon Health Policy Board's goal of providing access to a PCPCH for all OHA-covered lives and 75% of all Oregonians by 2015.

#3: Evidence-based guideline and technology effectiveness work by the HERC will improve the lifelong health of Oregonians by encouraging the most effective health care services and discouraging the use of ineffective or harmful services. Reducing the use of ineffective and harmful services will lower health care costs and lead to care that is high in quality and reliability.
#4: Improved health in the community through evidence-based community and clinical interventions.

4. IS THIS POP TIED TO AN OHPR PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL OHPR MEASURE THE SUCCESS OF THIS POP?

Funding this POP would provide the data central to not only monitoring and reporting on the quality, health outcome, and quality measures for Coordinated Care Organizations, but also to assess the impact of health reform across public and private health programs. Transparency in health care cost and quality is central to improvement and is at least indirectly connected to many of the KPMs department wide and provides the ability to assess the same metrics across private payers as well. There are measures currently included in proposed evaluations of OHA health system transformation directly related to implementation of the PCPCH program and its success. There is also a preliminary program evaluation underway which requires funding outlined in the POP in order to be continued. Further, CCOs are required to report on implementation status

of Primary Care Homes within their organizations. More directly, the evidence-based decision tools of the HERC Program Area (#3) of this POP can span all areas of health care services, having the ability to impact all performance measures tied to the effectiveness of treatment depending on the services for which evidence is available for the development of tools; namely KPMs 1-4, KPMs 7-10, KPM 27, KPM 31.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No statutory change is required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

An alternative to this POP is to continue relying on grant funding for program area continuation. However, current grant funding is either scheduled to end or is unsustainable for the size and scope of these program areas that are an integral to health system transformation. While there is an active process to search for additional grant funding opportunities, none have been identified.

It is also important to note for Program Area #3 that while the use of existing staff could be used to maintain the HERC program at a skeletal level, there would only be a limited number of coverage guidance and likely no evidence-based guidelines or health technology assessments. Work in these areas would also not be viewed as being as credible without involvement of the current contractor, the Center for Evidence-based Policy, or a similarly respected authority on comparative effectiveness research.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Information from the APAC Data Collection program is already beginning to benefit all OHA programs including PEBB, OEBB and Medicaid, as well as the Oregon Health Exchange and private purchasers who choose to use this data as they make purchasing decisions. In addition, the data will support surveillance activities within the Division of Public Health. Not funding this Program Area would result in the elimination of potential significant future savings the Program can provide.

Not funding this POP would also cause current PCPCH Program activities to halt, resulting in several direct impacts on the OHA and its health system transformation efforts. This program has been widely communicated as a priority of the agency and has caused primary care providers to make significant time and resource investments in the types of transformation required for program participation. Discontinuing the PCPCH Program may cause those providers may be required to stop those efforts and view the agency as not following through on its commitment to primary care transformation. More specifically:

1. The OHA would not meet its goal of providing access to PCPCHs to all OHA-covered lives and to 75% of all Oregonians by 2015.
2. CCOs would not be able to meet their contractual expectation of "networking with recognized PCPCHs to the greatest extent possible" since the State would no longer have state standards or a recognition process.
3. The OHA may not experience an overall decrease in healthcare expenditures for its covered lives since assumptions on that experience are based on OHA lives receiving care through this model of care.
4. The OHA may not experience an overall increase in quality of care and patient experience of care since assumptions on that experience are based on OHA lives receiving care through this model of care.

In terms of the HERC, momentum of the use of comparative effectiveness research to inform purchasing decisions would be lost, as would be the use of tools critical in helping to control rising health care costs. OHA clients and state employees would receive care proven to be ineffective or harmful.

In addition, these program areas are the result of significant internal and external efforts. Not funding this POP will result in the agency experiencing a significant decrease in confidence among the provider and stakeholder community.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

No other agencies are directly affected by this POP, except that as these programs are vital to health system transformation, their continued efforts will benefit Oregonians statewide, and support local community efforts across the state.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): THE POP implementation dates for each Program Area are as follows:

Program Area 1	Program Area 2	Program Area 3	Program Area 4
September 1, 2013	July 1, 2013	July 1, 2013	September 1, 2013

End Date (if applicable): Not applicable; programs will be on-going.

a. Will there be new responsibilities for OHPR? Specify which Program Area(s) and describe their new responsibilities.

There will not be any new responsibilities that are not currently in place as implementation has already been in effect. Over the last few years, the programs identified in this POP that support health system transformation have been implemented as a result of significant investment from federal grant funds, the OHA, and stakeholders (including health plans, multiple state and local entities, and providers across the state).

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).

No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

For the HERC program, there will be no impact on client caseloads but it will result in the prevision of more services proven to be effective and less services shown to be ineffective, harmful or not as cost-effective as other alternatives. This could potentially impact any number of clients who receive health care services through state programs (i.e., OHP, FHIAP, Healthy Kids) and state employees receiving health care through PEBB/OEBB plans.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

Funding of positions within OHPR is required for the continuation of the PCPCH program. Refer to the attached position pricing for details.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

While the APAC and HERC Program have already been established, they will not be in need of funding for start-up costs or significant computer systems modification. However, the PCPCH program has identified the following costs:

- Provider and client outreach and communications are estimated at $200,000 for 2013-2015.
- Provider technical assistance and learning opportunities will be $2,000,000 for 2013-2015.

f. What are the ongoing costs? Refer to the attached spreadsheet for details.

g. **What are the potential savings?** In general, the investment in a fundamental tool for health care analytics and improved use of evidence- based decision making the Medicaid program will decrease total health care system costs. These cost reduction will extend to health care services in other publicly-funded programs such as PEBB and OEBB, and also to private payers and their members/employees.

In addition, the PCPCH program has identified an estimated $99,800,000 in savings as a result of improved care coordination through the use of its services.

By reducing the current and future health and economic costs associated with chronic conditions, literally hundreds of millions of dollars can be saved.

h. Based on these answers, is there a fiscal impact?

Yes

TOTAL FOR THIS POP

Category	GF	OF	FF	TF	Position	FTE
Personal Services	$307,896	$(279,739)	$317,795	$345,952	2	2.00
Services & Supplies	$2,926,636	$(30,675)	$2,010,836	$4,906,797		
Capital Outlay	$0	$0	$0	$0		
Special Payments	$2,000,000	$0	$2,000,000	$4,000,000		
Other	$0	$0	$0	$0		
Total	**$5,234,532**	**$(310,414)**	**$4,328,631**	**$9,252,749**	**2**	**2.00**

		Total
General Fund	**$5,234,532**	**$5,234,532**
Other Fund	**$(310,414)**	**$(310,414)**
Federal Funds- Ltd	**$4,328,631**	**$4,328,631**
Total Funds	**$9,252,749**	**$9,252,749**
Positions	**2**	**2**
FTE	**2.00**	**2.00**