

# Oregon's Health Care Cost Growth Target Program

## Cost and Equity Framework

### About this Framework

The Cost & Equity Workgroup drafted this framework to organize their recommendations to the Cost Growth Target Advisory Committee and the Oregon Health Authority (OHA) on additional opportunities to further integrate equity into health care cost containment efforts.

This framework builds on [recommendations for state health care cost growth target programs to promote health equity](#) and identifies potential opportunities to further advance health equity throughout the Cost Growth Target Program cycle.

This framework is intended to provide a menu of potential actions for consideration. The framework includes potential opportunities for a range of parties, including the Legislature, the Advisory Committee, OHA, health plans, and provider organizations.

### Background

**2019** In an [October letter](#) to the Oregon Health Policy Board appointing members of the Cost Growth Target Implementation Committee, Governor Brown directed the Committee to ensure that “Health care quality is a key component of the [Cost Growth Target] program, with a focus on inequities and reducing disparities in health care.”

**2021** In their [recommendations report](#), the Cost Growth Target Implementation Committee initially recommended strategies for incorporating quality and equity into the Cost Growth Target Program (sidebar).

**2022** The Cost Growth Target Program began implementing these recommended strategies, including working with the Health Equity Committee and the Health Plan Quality Metrics Committee to identify a list of standardized quality measures for monitoring; drafting a plan for monitoring for negative impacts; publishing a [report](#) and [public hearing](#) on the impacts of costs to people in Oregon; learning about quality and equity efforts in other cost growth target states; and building analyses for exploring variation in cost and utilization by population.

**2023** The Cost Growth Target Advisory Committee highlighted the importance of keeping health equity centered in the cost growth target program and cost containment efforts and established the Cost & Equity Workgroup to explore additional opportunities to infuse an equity approach into the Committee's work and the Cost Growth Target Program.

#### Initial Strategies for Incorporating Quality & Equity into the Cost Growth Target Program

1. Public reporting on a standard set of quality measures
2. Monitoring for negative impacts of the cost growth target
3. Conducting analyses and activities to improve equity
4. Additional strategies (such as convening provider collaboratives and addressing low value care and avoidable complications)

## Guiding Principles

This framework is grounded in the Oregon Health Policy Board / Health Equity Committee's definition for Health Equity (sidebar).

- All entities involved in the Cost Growth Target Program – including the Legislature, OHA, the Cost Growth Target Advisory Committee, health plans (payers), and provider organizations -- have a shared responsibility to integrate equity into health care cost containment efforts, to ensure that actions taken to meet the target do not cause or perpetuate harm, and to reduce inequities by improving health care affordability.
- This is innovative, uncharted work. We cannot wait for someone to tell us how to bring health care cost and equity efforts together. We will move forward with our best ideas but recognize that we will continue to learn and evolve. We may make mistakes and that's ok.
- Equity is not an afterthought to be layered on top of cost containment efforts. It should be integrated into the work from the beginning and throughout the work, and there are tools to help support this. To this end, the framework identifies potential opportunities throughout the Cost Growth Target Program Cycle.
- Integrating equity into health care cost containment efforts will require a combination of addressing disparities, rectifying inequities, and advancing equity. While we may use these terms interchangeably in this work, they require different approaches and all are necessary.
- We must take a proactive approach; a neutral approach, or allowing the status quo to continue, is harmful. We must take action if we intend to rectify historical and contemporary injustices.
- The Cost Growth Target Program is not the only way to advance health equity and this framework is not a comprehensive listing of all related work. Efforts to integrate health equity into cost containment work are complementary to many other efforts across the state to advance health equity.
- Not every cost containment policy or strategy directly contributes to “advancing health equity” but some create mechanisms or infrastructure that will facilitate health equity efforts and support further change and should also be advanced.

Oregon will have established a health system that creates health equity when all people can reach their full health potential and well-being and are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or other socially determined circumstances.

Achieving health equity requires the ongoing collaboration of all regions and sectors of the state, including tribal governments to address:

- The equitable distribution or redistribution of resources and power; and
- Recognizing, reconciling, and rectifying historical and contemporary injustices.

## Potential Opportunities to Integrate Equity Throughout the Cost Growth Target Program Cycle

Each year, the Cost Growth Target Program collects data, measures performance relative to the target, conducts analysis to understand cost trends and cost growth drivers, publishes reports and holds public hearings to identify opportunities to address cost growth drivers.



Throughout this cycle, there are opportunities to integrate equity from different perspectives, including legislative and state agency actions, the work of the Advisory Committee, and strategies at the payer and provider organization level.

Not all parties may have the same opportunities or level of involvement at each stage in the program cycle. Some potential activities call for *standardization* (that is, everyone doing things the same way) and others call for a more *centralized* approach (e.g., direction provided or decisions made at a higher level, by the Committee, OHA or other agency, or the Legislature). Most potential activities in the draft framework call for *alignment* (everyone doing things their own way, in service to a common goal).

The framework summarizes past and current activities, as well as potential future activities that each of these entities could implement. These potential activities are not required as part of “meeting the cost growth target,” but provide a different way to think about this work.

**The draft framework is incomplete – some past and current activities may not be listed, and additional discussion of potential activities is needed, especially for payer and provider organizations.**

## Improve program design and implementation

Goals: Ensure representation on governing bodies and in decision making, align with best practices for data justice<sup>1</sup>, consider equity impact in how the target is calculated (modified), consider equity impacts resulting from reduced cost growth

	Past / Current Activities	Potential Future Activities
<b>Legislature</b>	Directed composition of Implementation Committee	
<b>OHA</b>	Adopted and began implementing REALD/SOGI standards for data collection and reporting	Continue to implement REALD/SOGI standards for data collection and reporting where possible
<b>Committee</b>	<p>Implementation Committee used a variety of economic indicators to set the target, including income and wages.</p> <p>Implementation Committee made recommendations for quality and equity</p> <p>Advisory Committee composition based on sector, demographic, and expertise representation</p>	<p>Continue to use various economic indicators when revising the target in the future; consider using stratified economic indicators for target setting</p> <p>Build equity into target setting (see California statute)</p> <p>Continue to build trust and engagement within the Committee and with other partners across the health system, ensure all perspectives are heard on the committee, encourage broad public comment</p> <p>↑ TAG representation / participation</p>
<b>Payers</b>		
<b>Provider Orgs</b>		

<sup>1</sup> Data justice supports communities using data to elevate their voice and reveal the systemic inequities they experience.

Learn more: <https://www.oregon.gov/oha/EI/REALD%20Documents/Data-Justice-Fact-Sheet.pdf>

## Measure performance relative to the cost growth target

*Goals: Collect data for as much of the population as possible to make cost growth target performance measurement more comprehensive.*

	Past / Current Activities	Potential Future Activities
<b>Legislature</b>	Directed cost growth target to apply to all payers and providers in Oregon	
<b>OHA</b>	Included Veterans Affairs and Department of Corrections spending	<p>Engage with Tribes re: voluntary data submission</p> <p>Explore possibility of TRICARE data submission</p> <p>Include Oregon State Hospital data</p> <p>Explore opportunities to include spending for the uninsured</p> <p>Analyze and report on patient share / patient responsibility and stratify data where possible</p> <p>Explore collecting and reporting on spending data for subpopulations</p>
<b>Committee</b>	Directed program to include spending for as many people in Oregon as possible	Explore adding affordability targets, complementary to cost growth target
<b>Payers</b>		↑ voluntary submissions for self-insured plans
<b>Provider Orgs</b>		

## Analyze spending to understand cost trends and cost growth drivers

Goals: Expand data analyses to identify disparities; monitor inequities and negative impacts

	Past / Current Activities	Potential Future Activities
<b>Legislature</b>	Directed Implementation Committee to recommend a system for identifying unjustified variations in prices or in health care cost growth and the factors that contribute to the unjustified variations.	
<b>OHA</b>	<p>Conducting cost driver analysis: variation in utilization and cost by population</p> <p>Monitoring for negative impacts of the CGT</p> <ul style="list-style-type: none"> <li>- Impacts of Costs on People report (biannual)</li> </ul>	<p>Conduct cost driver analysis: price disparities among providers by geography, population, and affiliation</p> <p>Conduct cost driver analysis: stratify data where possible (demographics, geography, income, insurance status, other) to identify differences in price, utilization and per person spending, by service category and in aggregate</p> <p>Measure investments in health-related social needs</p> <p>Monitor for negative impacts (of efforts to meet the target, and impacts of doing too little)</p> <ul style="list-style-type: none"> <li>- Quality measures, stratified</li> <li>- Develop framework for monitoring</li> </ul> <p>Monitor for neutral impacts (things that aren't working the way we envisioned)</p>
<b>Committee</b>	Coordination with Health Equity Committee and Health Plan Quality Metrics Committee to develop framework for monitoring	Inform ongoing development of framework for monitoring and future cost driver analyses
<b>Payers</b>		Inform ongoing development of framework for monitoring and future cost driver analyses
<b>Provider Orgs</b>		Inform ongoing development of framework for monitoring and future cost driver analyses

## Report performance and analysis

Goals: Identify measures for equity; develop transparent, easy to understand reports that use accessible and inclusive language; improve community engagement

	Past / Current Activities	Potential Future Activities
<b>Legislature</b>	<p>Directed Implementation Committee to recommend approaches for measuring the quality of care that account for patient health status</p> <p>Directed OHA to publish an annual report that includes health care affordability measures.</p>	<p>Pursue quality and/or health equity targets to complement cost growth target reporting (e.g. primary care spending target)<sup>2</sup></p>
<b>OHA</b>	<p>Try to make reports plain language, accessible.</p> <p>Contextualize performance / analysis findings to acknowledge market-specific, socioeconomic, political, and other factors that contribute to costs and trends</p> <p>Held April 2022 public hearing on impact of health care costs on people in Oregon</p>	<p>Continue to contextualize spending in reporting, with added equity lens.</p> <p>Explore reporting on equity measures<sup>3</sup></p> <p>↑ reporting on affordability measures (out of pocket spending, premium growth, etc.)</p> <p>↑ accessibility of public hearings</p> <p>↑ communication and engagement with the community, consumers, and purchasers/employers</p>
<b>Committee</b>	<p>Coordination with Health Equity Committee and Health Plan Quality Metrics Committee to develop framework for monitoring</p>	<p>Recommend / develop quality and/or health equity targets and reports</p>
<b>Payers</b>		
<b>Provider Orgs</b>		

<sup>2</sup> Connecticut has adopted quality targets, and Rhode Island is now developing "population health and health equity" targets.

<sup>3</sup> For example, State Health Equity Measure Set [https://www.shvs.org/wp-content/uploads/2023/06/SHVS\\_State-Health-Equity-Measure-Set.pdf](https://www.shvs.org/wp-content/uploads/2023/06/SHVS_State-Health-Equity-Measure-Set.pdf)

## Accountability

Goal: Incorporate equity considerations into all accountability mechanisms

	Past / Current Activities	Potential Future Activities
<b>Legislature</b>		
<b>OHA</b>		Operationalize in upcoming rulemaking <ul style="list-style-type: none"> <li>• Monitoring / balancing measures in performance improvement plans</li> <li>• How financial penalties are used to support programs that expand access to health care and that support populations adversely affected by high health care costs (per statute)</li> </ul>
<b>Committee</b>	Acknowledged that investments to improve population health / health equity are considered a “good reason” for exceeding the target	
<b>Payers</b>		
<b>Provider Orgs</b>		



## Identify opportunities to slow cost growth / Implement strategies to slow cost growth

*Goals: Ensure that any policies and strategies to slow health care cost growth have been analyzed for impact on health equity before recommending or implementing. Identify opportunities for improving equity by slowing health care cost growth. Ongoing monitoring of equity impacts during implementation.*

	Past / Current Activities	Potential Future Activities
<b>Legislature</b>		<p>Pursue additional policies to address health care cost growth in the commercial market</p> <p>Pursue affordability standards (OHA, DCBS)</p>
<b>OHA</b>	<p>Monitor primary care spending</p> <p>Address consolidation (Health Care Market Oversight)</p>	<p>Monitor behavioral health spending</p> <p>Evaluate impact of implemented policies and strategies</p> <p>Use health equity impact assessment tool (or similar) to vet potential policies or strategies for cost containment</p>
<b>Committee</b>	Developed Value-Based Payment Compact	Use health equity impact assessment tool (or similar) to vet all recommended policies or strategies for cost containment
<b>Payers</b>		Use health equity impact assessment tool (or similar) when selecting policies or strategies for cost containment and when advancing VBP
<b>Provider Orgs</b>		Use health equity impact assessment tool (or similar) when selecting policies or strategies for cost containment and when advancing VBP

## Sources

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