Sustainable Health Care Cost Growth Target Program

Rules Advisory Committee (RAC) Meeting #1

January 31, 2024

Oregon Health Authority

HEALTH CARE COST GROWTH TARGET

Attendance and Roll Call

Today's Agenda

For technical assistance, send a direct message to JerRonde Weatherspoon and she will assist you

- Introduce the rulemaking process
    - See Rulemaking Factsheet (linked here)
- Brief presentation from OHA introducing accountability
- Introduce rule division, chapter, and proposed structure
- Discuss draft "reasonableness" document and solicit input (linked here)
- Public Comment

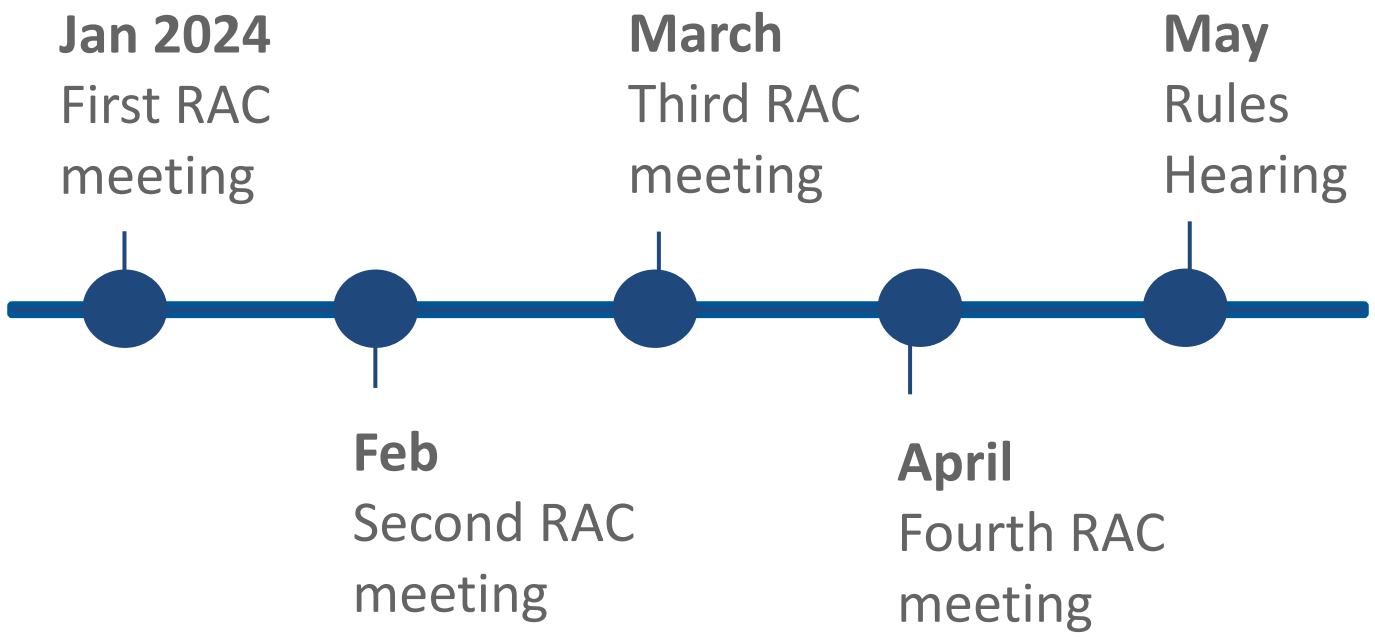
Introduction to the RAC Process

RACs are used to seek input to the maximum extent possible during the development of the proposed rulemaking prior to giving notice of intent to adopt, amend, or repeal an administrative rule.

RACs allow the public and interested parties to provide input and suggestions during the development of new rules, amendment or repeal of existing rules, and the fiscal impact of the proposed rulemaking. **The RAC's role is advisory, and consensus is not necessary.**

The Oregon Health Authority (OHA) is holding these RACs as public meetings and any individual is welcome to attend, observe, and listen. The RAC meetings will include a time for the public to provide comment.

Rules Development Timeline



Timeline of RAC Topics

January - Meeting #1 • Orientation and Scope of RAC • Discuss draft criteria for assessing when an entity's cost growth over the target is "reasonable"	**March - Meeting #3** • Discuss financial penalties
February - Meeting #2 • Continue discussion about draft criteria • Discuss performance improvement plans (PIPs)	**April - Meeting #4** • Continue discussing financial penalties

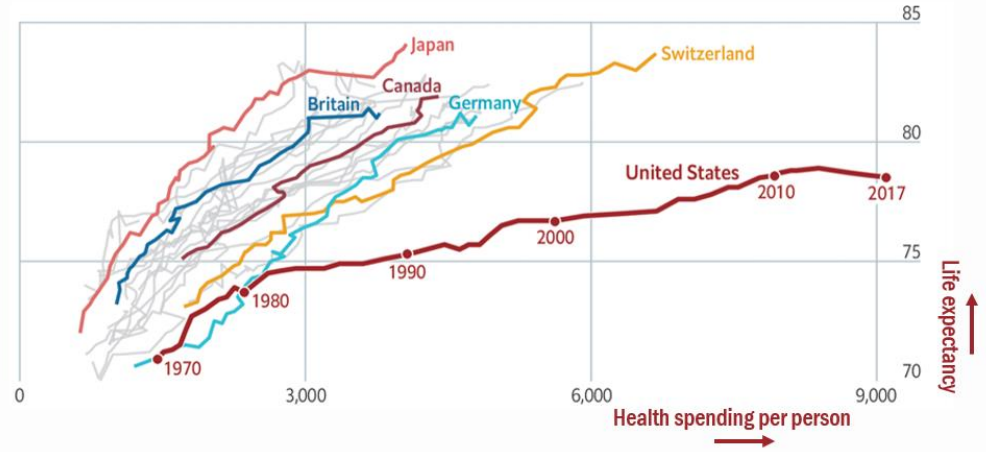
Not in Scope for this RAC

- What the cost growth target program is measuring
- How performance relative to the cost growth target is calculated
- Which payers and provider organizations are subject to the cost growth target program
- Which accountability measures are part of the program

Introduction to Oregon's Sustainable Health Care Cost Growth Target Program

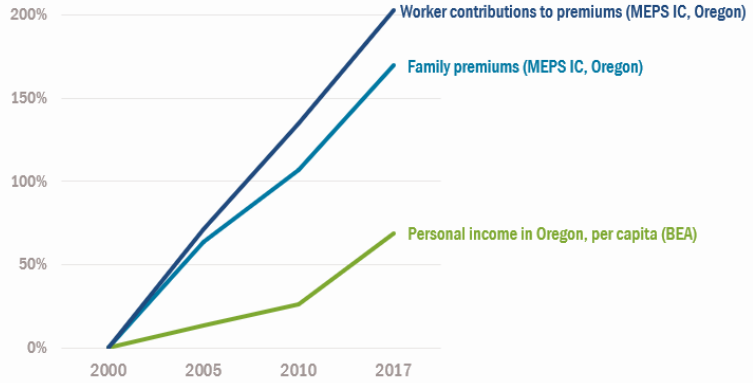
U.S. health care costs twice the average of others countries

But life expectancy is lower



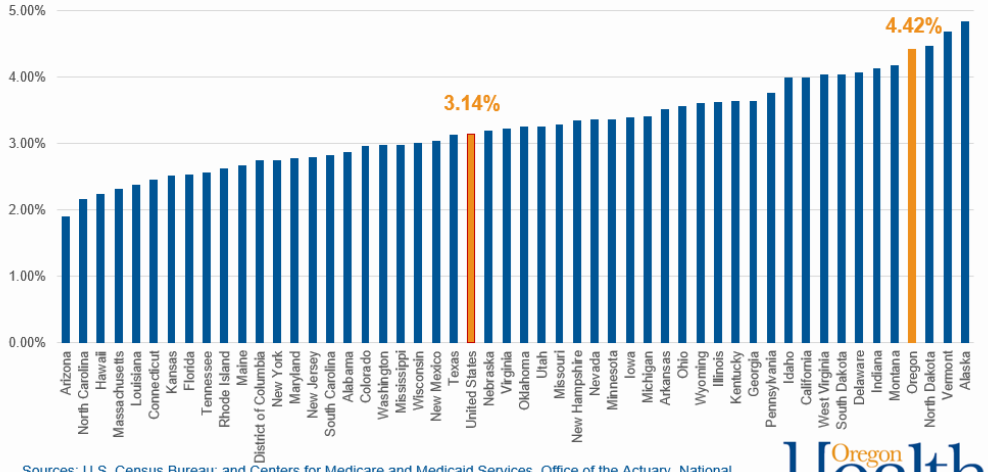
Private sector cost growth is unsustainable

Since 2000, Oregon employer-sponsored insurance premiums have grown three times faster than personal income.



Oregon healthcare spending grew at the 4th highest rate from 2009-2014

Average Annual Healthcare Spending Growth Rate
Per Capita (2009 - 2014)

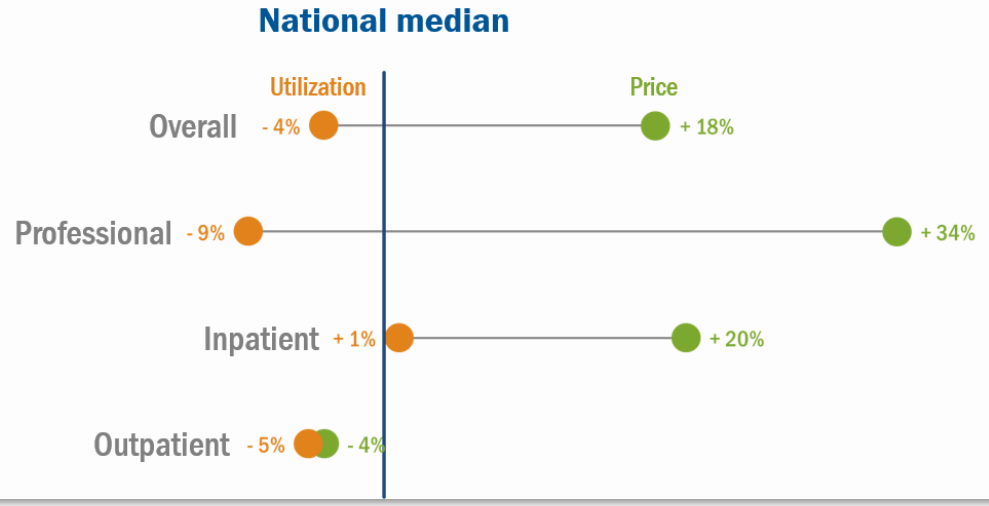


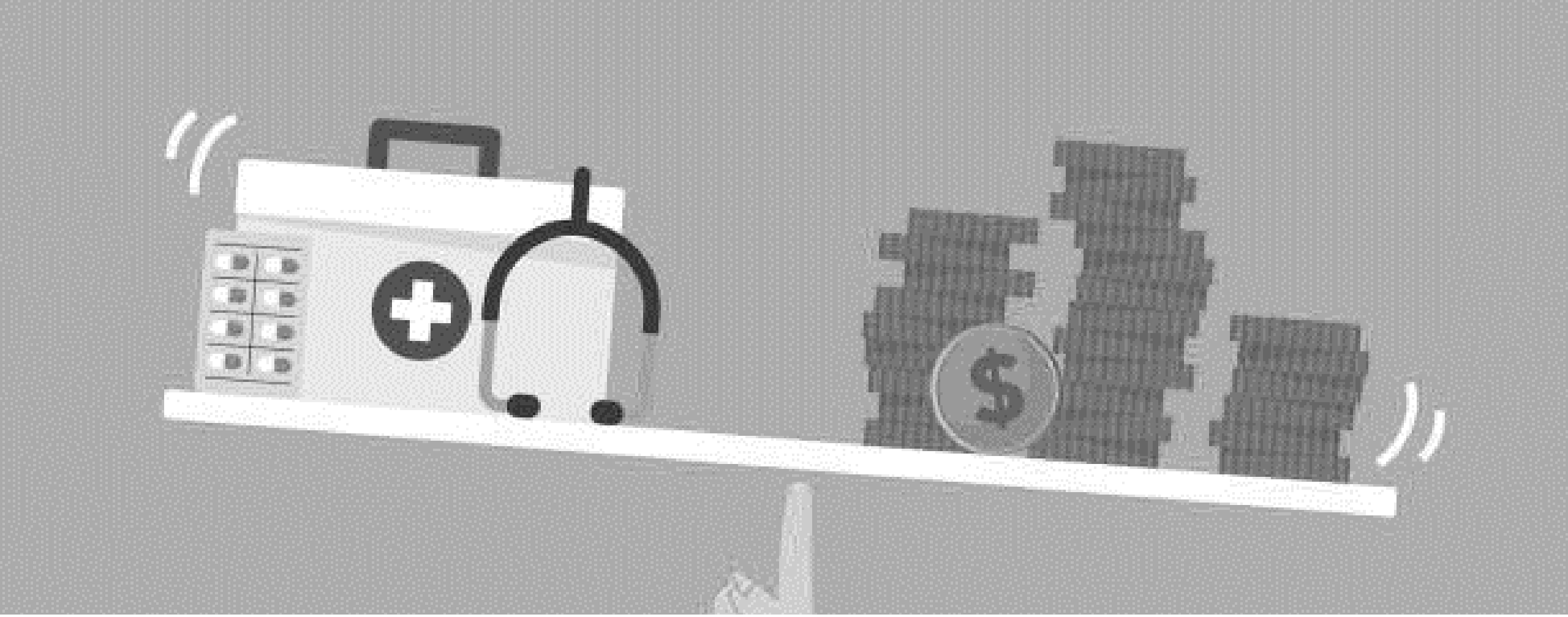
Sources: U.S. Census Bureau; and Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

Oregon Health Authority

Overall prices in the Portland metro area are 18 percent above the national median.

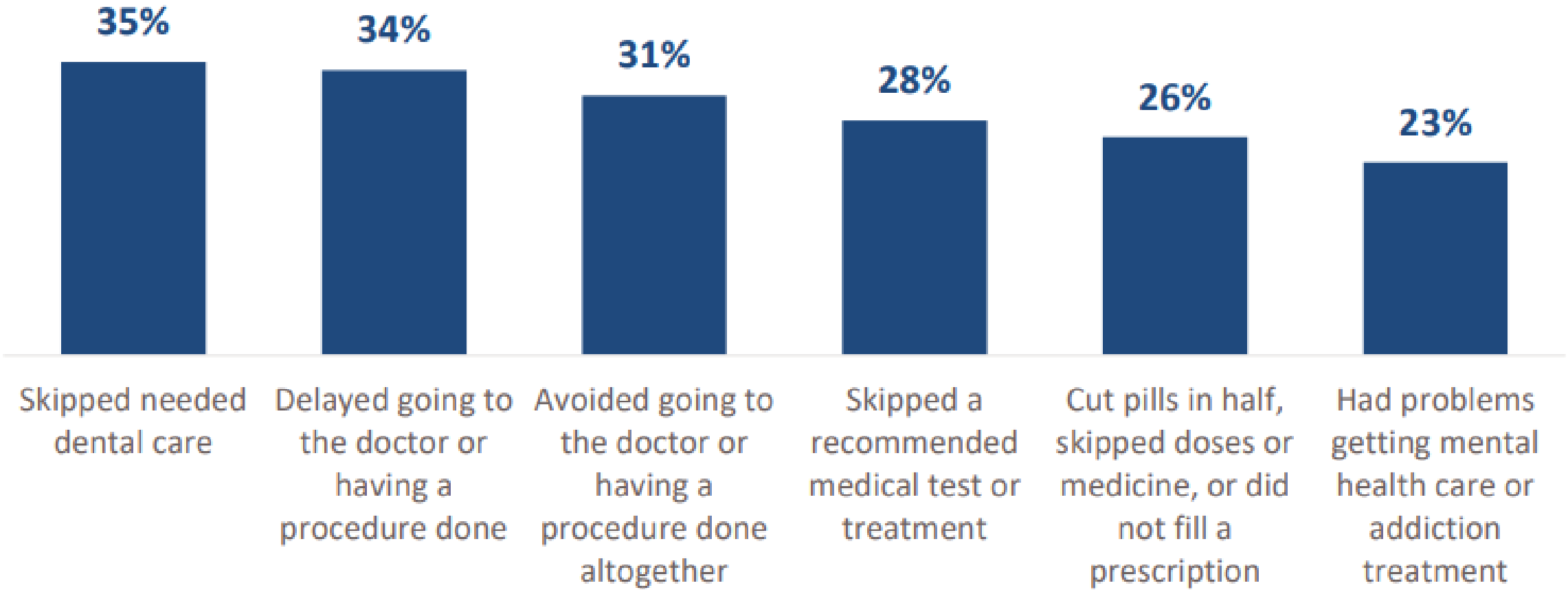
These high prices are not offset by low utilization.





People with health insurance can’t afford to use it

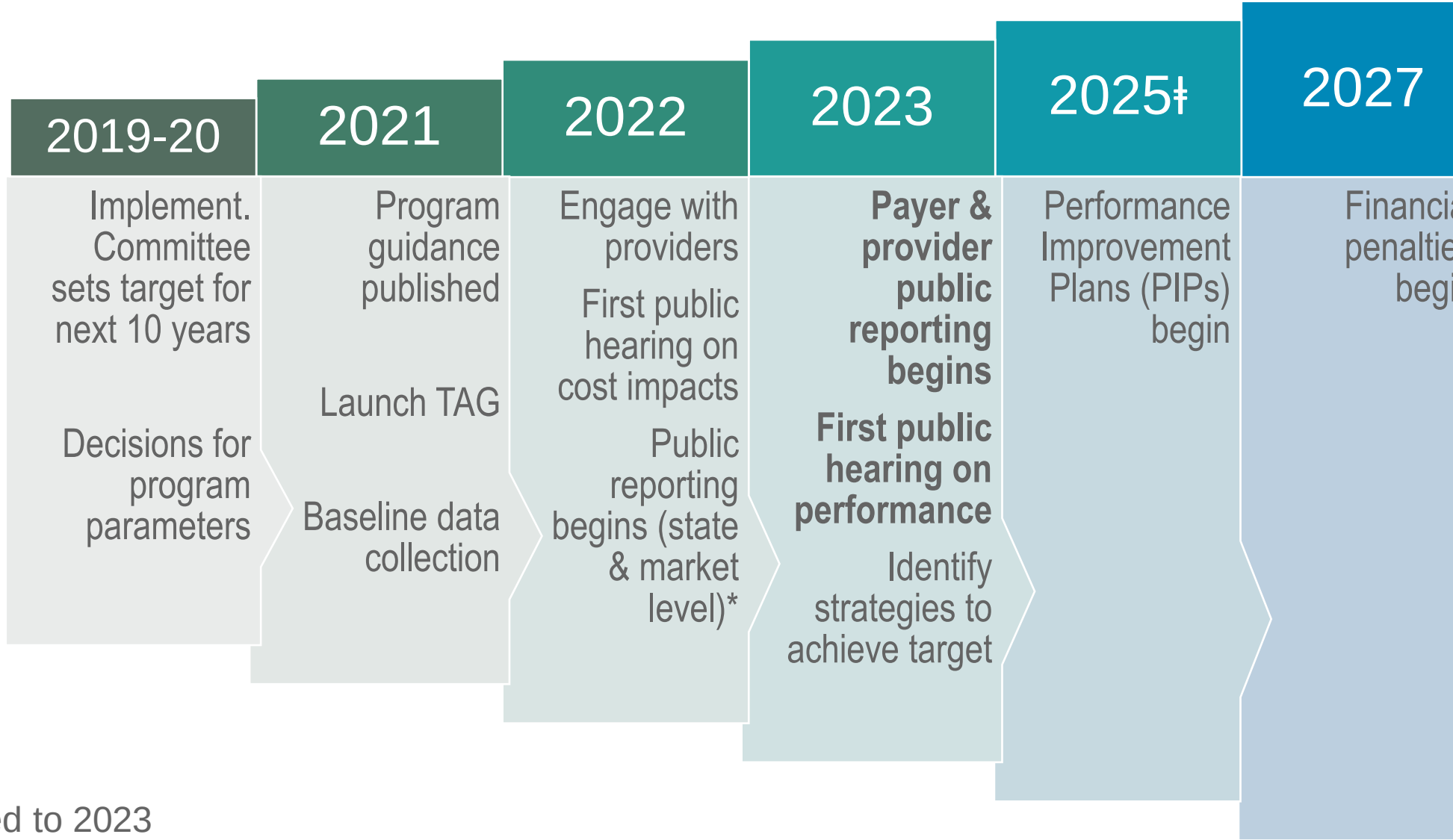
Percent of Oregon adults reporting delaying or foregoing health care due to cost, 2021



Setting a cost growth target will not slow the rate of growth by itself.

A cost growth target is a catalyst for implementing cost growth mitigation strategies.

The Cost Growth Target program is designed to ramp up slowly, to allow time for change.



*Public reporting delayed to 2023

ǂ Performance Improvement Plans delayed by one year from initial timeline

Accountable Entities

Inclusion in the Cost Growth Target Program

Payers

- Payers and third-party administrators with at least **1,000 covered lives** in Oregon must submit cost growth target data to OHA each year.
- **Payers and TPAs with at least 5,000 lives in a given market** (Medicaid, Medicare, Commercial) are measured relative to the target, reported on publicly, and subject to accountability measures if applicable.

Provider Organizations

Measured relative to the target, reported on publicly, and subject to accountability measures if applicable if they:

1. Include primary care providers who direct a patient's care **and**
2. Have at least **5,000 attributed patients** in any one market.

Payers subject to the cost growth target, 2023

Advanced Health CCO
Aetna
AllCare CCO
Atrio
Care Oregon - Columbia Pacific
Care Oregon - Jackson Care Connect
Cascade Health Alliance
Cigna
Eastern Oregon CCO
Health Net Health Plan of Oregon
Health Net Life Insurance Company
Health Share of Oregon
InterCommunity Health Network CCO
Kaiser Permanente
Medicaid FFS
Moda Health Plan
PacificSource - Central Oregon CCO
PacificSource - Columbia Gorge CCO
PacificSource - Lane County CCO
PacificSource - Marion and Polk CCO
PacificSource Community Health Plan
PacificSource Health Plan
Providence Health
Regence Blue Cross Blue Shield of Oregon
Trillium CCO Tri-county
Trillium Community Health Plan Inc
Umpqua Health Alliance
UnitedHealthcare Insurance Company
UnitedHealthcare Medicare
Yamhill Community Care

Provider Orgs subject to the cost growth target, 2023

Adventist Health
Asante Health System
Aviva Health
Benton County Health Department
BestMed
Central Oregon Pediatric Associates
Childhood Health Associates of Salem
Clackamas County Health Department
Columbia Medical Clinic
Evergreen Family Medicine
Grande Ronde Hospital
Grants Pass Clinic
Hillsboro Pediatric Clinic
Kaiser Permanente
La Clinica Del Valle
Lane County Health Department
Legacy Health
Metropolitan Pediatrics
Mosaic Medical
Multnomah County Health Department
Neighborhood Health Center
North Bend Medical Center
Northwest Human Services
Northwest Medical Homes
Northwest Primary Care
One Community Health
Oregon Health & Science University (OHSU)
Oregon Integrated Health
Oregon Medical Group
Oregon Pediatrics
PeaceHealth
Physicians Medical Center
Praxis Health
Providence Health & Services
Rogue Community Health
Salem Clinic
Salem Health
Salem Pediatric Clinic
Samaritan Health Services
Sanford Children's Clinic
Santiam Memorial Hospital
Siskiyou Community Health Center
Sky Lakes Medical Center
St. Charles Health System
Summit Health
The Children's Clinic
The Corvallis Clinic
The Portland Clinic
Valley Family Health Care
Virginia Garcia Memorial Health Center
WFMC Health
Woodburn Pediatric Clinic
Yakima Valley Farm Workers Clinic

Accountability

Oregon's Accountability Mechanisms

1. **Transparency**
   public reporting and public hearings

2. **Performance Improvement Plans (PIPs)** for payers and provider organizations who exceed the cost growth target with statistical certainty and without good reason

3. **Financial Penalties**
   for payers and provider organizations who exceed the cost growth target with statistical certainty and without good reason in any 3 of 5 years

Reminder:

- Only payers and provider organizations that exceed the cost growth target **with statistical certainty** may be held accountable.
- Only payers and provider organizations that exceed the cost growth target **without a good reason** may be held accountable.

- Changes in federal or state law
- Changes in mandated benefits
- New pharmaceuticals or treatments
- Changes in taxes (or other admin)
- “Acts of God”
- Investments to improve population health/ health equity
- Macro-economic factors
- Frontline workforce costs (as per HB 2045)

Good reasons for exceeding the cost growth target

Accountability Timeline

			We are here			
CGT Year	**0**	**1**	**2**	**3**	**4**	**5**
Cost growth between	2018 – 20	2020 – 21	2021 – 22	2022 – 23	2023 – 24	2024 – 25
Data submitted in	2021	2022	2023	2024	2025	2026
Report published in	2022	2023	2024	2025	2026	2027
Are payers/providers publicly identified?	No	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Do PIPs apply?	No	No	No	**Yes**	**Yes**	**Yes**
Does $ penalty apply?	No	No	No	No	No	**Yes**

https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20documents/CGT-accountability-update_August-2023.pdf

Draft Rules

Division 65 – Sustainable Health Care Cost Growth Target Program – Rule Headers

409-065-0000 Purpose

409-065-0005 Definitions

409-065-0010 General Reporting Requirements

409-065-0015 Data Submission Requirements

409-065-0020 Data Submission Waivers

409-065-0025 Data Submission Compliance and Enforcement

409-065-0027 Data Submission Contested Case Hearings

409-065-0030 Data Access and Disclosure

409-065-0035 Reasonable Causes of Cost Growth

409-065-0040 Performance Improvement Plans (PIP)

409-065-0045 Cost Growth Target Financial Penalties

409-065-0050 Cost Growth Target Accountability Contested Case Hearings

409-065-0055 Annual Hearings

Division 65 – Sustainable Health Care Cost Growth Target Program – Rule Headers

409-065-0000 Purpose

409-065-0005 Definitions

409-065-0010 General Reporting Requirements

409-065-0015 Data Submission Requirements

409-065-0020 Data Sub

409-065-0025 Data Sub
Enforcement

409-065-0027 Data Sub
Hearings

409-065-0030 Data Access and Disclosure

409-065-0035 Reasonable Causes of Cost Growth

409-065-0040 Performance Improvement Plans (PIP)

409-065-0045 Cost Growth Target Financial Penalties

065-0050 Cost Growth Target Accountability

tested Case Hearings

065-0055 Annual Hearings

OAR 409-065-0035 Reasonable Causes of Cost growth will include the rules for implementing HB 2045 (2023)

Subregulatory Guidance:

Determining Reasonableness

About

This draft subregulatory guidance document provides more information about:

- Acceptable reasons for exceeding the cost growth target
- How the determining reasonableness process works
- Potential questions that OHA may ask during the determination process
- Potential analyses and information that payers and provider organizations may be asked to provide or that could be helpful to understand factors causing the excess cost growth

Section 1: What is Determining Reasonableness?

Determining reasonableness is the process that OHA and a payer or provider organization will go through to review and understand excess cost growth and factors causing the excess cost growth before OHA determines whether the payer or provider organization's cost growth is for a good reason.

Payers and provider organizations must exceed the cost growth target with statistical confidence before they could potentially be held accountable for cost growth.

For any entities where cost growth is "indeterminate" – no accountability would apply.

Section 1: What is Determining Reasonableness?

Good Reasons for Exceeding the Cost Growth Target

This is not an exhaustive list of good reasons and may be added to over time.

- Changes in mandated benefits
- New pharmaceuticals or treatments / procedures entering the market
- Changes in taxes or other administrative factors
- "Acts of God" – natural disasters, pandemics, other
- Changes in federal or state law
- Investments to improve population health and/or address health equity
- Macroeconomic factors
- Total compensation for frontline workers
- High-cost outliers

Section 2: About the Determining Reasonableness Process

- When does the determining reasonableness process happen?
- Who participates in the determining reasonableness process?
- Who should attend determining reasonableness conversations?
- How determining reasonableness differs from data validation?
- How to prepare for the determining reasonableness conversations?
- How OHA documents the determination?
- Appealing OHA’s determination.

Section 3: Acceptable Reasons for Exceeding the Cost Growth Target

- About the list of acceptable reasons
- Detailed description of acceptable reasons
- Responsibility
- Justifying a reason
- Who makes the final decision

Section 3: Detailed Descriptions

Acceptable Reason for Cost Growth	Description	May Include	Does Not Include
Changes in mandated benefits	Changes in health insurance plan benefits or coverage mandated by state or federal law and policy.	• Required coverage of specific services, for example, coverage mandates for preventive care, cancer screening, reproductive health services, genetic screenings, or fertility treatments • Requirements to cover specific groups of people, for example coverage requirements for people with pre-existing conditions, or eligibility expansions	• Payer decisions about covered benefits not mandated by state or federal law and policy, for example, payer choice to offer coverage for certain cosmetic services or to add wellness programs in benefit package for employer purchasers

Section 3: Potential Questions OHA May Ask
Example – change in covered benefits

- When did the benefit change happen? When was it rolled out? How did the payer or provider organization communicate about the benefit to members/patients/provider network/workforce?
- What is the payer or provider organization's perspective on how the benefit change impacted their health care cost growth?
- How much of the cost growth target overage is accounted for by the spend on the new benefit?
- What was the specific cost impact of the benefit change?
- Was there anything the payer or provider organization could have done to influence the cost impact of the new benefit?
- Were there specific contracts, market segments, etc. that were more or less affected by the new benefit?
- Were there any mitigating factors that affected the new benefit (e.g., if new prescription drug coverage, were there pharmacy rebates available?)

Section 3: Suggested Analyses / Documentation
Example – change in covered benefits

- Policy documents or other descriptions of coverage changes
- Any communications of the mandated benefit or eligibility change from regulatory bodies (e.g., DCBS bulletin, CMS rules).
- Number and percent of members or patients who utilized the new benefit
- Number, trend, other calculations demonstrating change in enrollment, case mix, demographic scores or risk pool resulting from eligibility changes.
- Costs associated with preparing to offer the new benefit
- Total spend and PMPM spend on new benefit
- Total spend on new benefit as a percentage of the applicable service category
- Total spend on new benefit as a percentage of the total market cost growth and PMPM trend
- Counterfactual: what the cost growth trend would have been without the new benefit

Proposed Rule Language

See posted draft of the rule codifying the process of determining reasonableness.

Input about the rule language is welcome.

Input from RAC Members

Reminder!

OHA staff **strongly encourage** RAC members to provide comments in writing in response to materials and information shared at each RAC meeting.

All written comments from RAC members will be posted. Written comments carry as much weight as verbal comments shared during the meetings.

Discussion

Public Comment

Guidance for providing public comments

- If you signed up in advance to provide spoken public comments, we will call on you to share your comments
- You will have two minutes to provide your comments
- Please state your name and organization or affiliation (if any)

Wrap Up