

HEALTH CARE COST GROWTH & HOW INSURERS PAY FOR CARE

Progress toward Oregon's Value-Based Payment Compact Targets

Introduction

In 2021, forty-seven health care entities - health insurers, large clinics, health systems, and the coordinated care organizations that serve Oregon Health Plan members - signed a voluntary compact committing to move away from paying for health care on a per-unit basis and moving towards rewarding high-quality and high-value medical care.¹

The effort arose out of a shared belief that to successfully prevent health care costs from growing faster than wages and the Oregon economy, health insurers must pay doctors, clinics and hospitals based on whether patients are receiving the right high-quality care at the right time, instead of the number of health care services provided to patients.

Health insurers, large clinics, health systems, and coordinated care organizations committed to spending at least 35% of their total budgets to be in the form of an advanced value-based payment (VBP) in 2021 and 70% by 2025. Advanced VBP means a payment that is shared savings, shared risk or a capitated arrangement. Advanced VBPs must also have a quality component.

Oregon's health care cost growth target is a goal for the annual per person rate of growth of total health care spending in the state. The program looks at health care spending for health insurance companies and provider organizations and compares that growth to a specific target each year. The program also reports annually on drivers of health care cost growth.

From 2020 to 2021, per person health care costs grew by 12.1% and 6.5% in the commercial and Medicare markets, respectively. Medicaid per person costs shrank by 2.1%. Many factors contributed to changes in health care spending. For more information, see [Health Care Cost Growth Trends in Oregon, 2020-2021](#).

This brief uses publicly available data to map health insurer progress adopting value-based payment arrangements and their overall cost growth relative to the cost growth target in 2021.



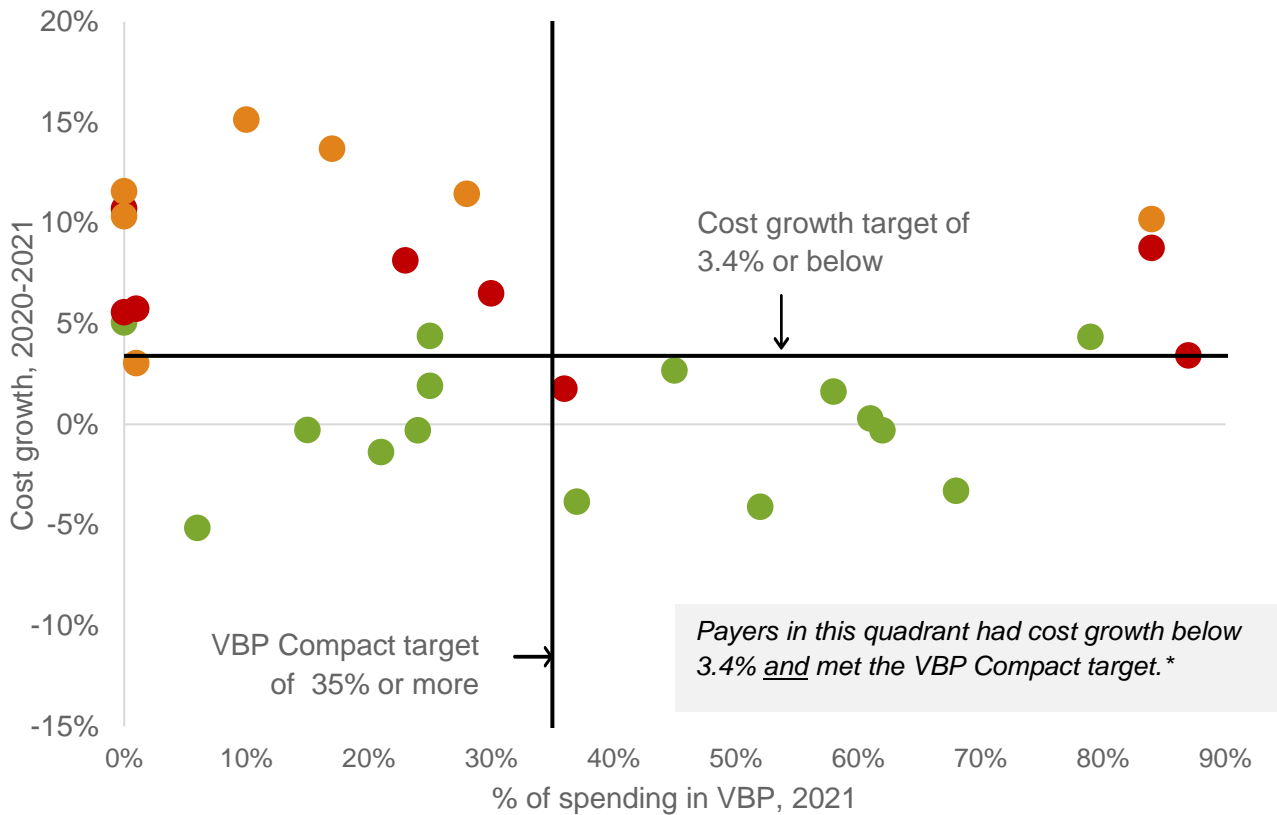
¹ Oregon Health Leadership Council, Value-Based Payment Compact
<https://orhealthleadershipcouncil.org/oregon-value-based-payment-compact/>

Oregon's Health Insurer Progress on Value-Based Payments and Cost Growth Targets

Roughly one-third of the health insurers met the VBP compact target of 35% in 2021 and roughly one-third of health insurers met the cost growth target by keeping their total per person spending below 3.4% growth between 2020 to 2021.

Six health insurers met both the VBP Compact and cost growth targets. The majority were **coordinated care organizations** (see green dots in graphic below). One **Medicare Advantage** insurer and zero **commercial** insurers met both the VBP Compact Target and the cost growth target for 2021.

6 health insurers met both the VBP Compact Target and cost growth target in 2021*



**Some insurers had cost growth below the 3.4% cost growth target but did not meet the target with statistical significance so are not included in the count of payers who met both targets.*

The Oregon Health Authority (OHA) will continue monitoring the voluntary effort to advance value-based payments and measure and report on health insurer cost growth relative to the sustainable health care cost growth target.

Health Insurer Progress Towards Meeting VBP Compact and Cost Growth Targets, 2020-2021

Some insurers had cost growth that was at or below the cost growth target but did not meet the target with statistical confidence, as the upper bound of their 95% confidence interval was above the target. These are listed as “indeterminate.” Only insurers who met the cost growth target with statistical confidence are listed as meeting the target.

MET BOTH VBP COMPACT AND COST GROWTH TARGET

Insurer	Market	VBP % (2021)	VBP Compact Target Met?	Cost Growth % (2020-21)	Cost Growth Target Met?
Advanced Health	Medicaid	52%	Yes	-4.1%	Yes
Cascade Health	Medicaid	68%	Yes	-3.3%	Yes
Health Share	Medicaid	37%	Yes	-3.8%	Yes
PacificSource – Central OR	Medicaid	62%	Yes	-0.3%	Yes
PacificSource – Marion Polk	Medicaid	61%	Yes	0.3%	Yes
PacificSource – Community	Medicare Advantage	36%	Yes	1.8%	Yes

MET EITHER VBP COMPACT OR COST GROWTH TARGET

Insurer	Market	VBP % (2021)	VBP Compact Target Met?	Cost Growth % (2020-21)	Cost Growth Target Met?
Columbia Pacific CCO	Medicaid	6%	No	-5.2%	Yes
Eastern Oregon CCO	Medicaid	79%	Yes	4.3%	Indeterminant
IHN CCO	Medicaid	15%	No	-0.3%	Yes
Jackson Care Connect CCO	Medicaid	21%	No	-1.4%	Yes
Kaiser Permanente	Commercial	84%	Yes	10.2%	No
Kaiser Permanente	Medicare Advantage	87%	Yes	3.4%	Indeterminant
PacificSource – Gorge	Medicaid	45%	Yes	2.7%	Indeterminant
PacificSource – Lane	Medicaid	58%	Yes	1.6%	Indeterminant
Trillium CCO	Medicaid	24%	No	0.3%	Yes
UHC Oregon	Medicare Advantage	84%	Yes	8.8%	No

MET NEITHER VBP COMPACT NOR COST GROWTH TARGET

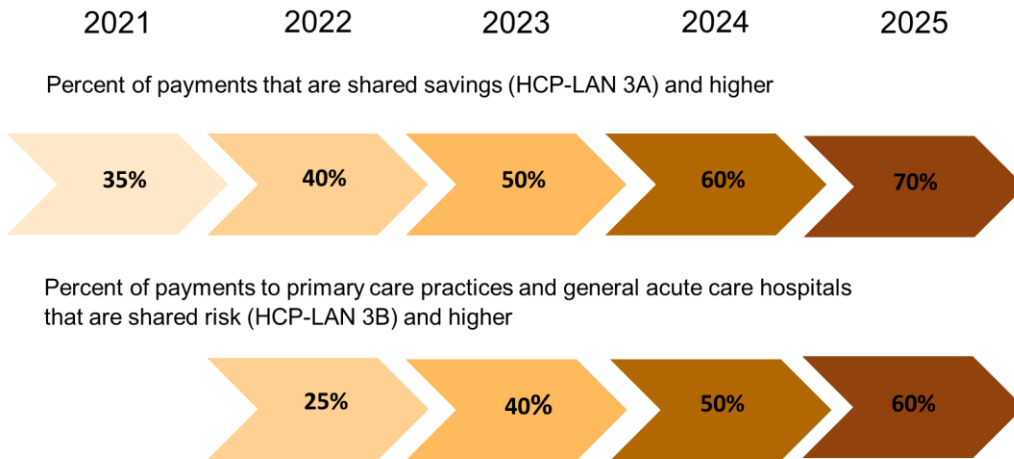
Insurer	Market	VBP % (2021)	VBP Compact Target Met?	Cost Growth % (2020-21)	Cost Growth Target Met?
AllCare CCO	Medicaid	0%	No	5.1%	Indeterminant
ATRIO	Medicare Advantage	0%	No	10.7%	No
Cigna	Commercial	0%	No	21.5%	No

Insurer	Market	VBP % (2021)	VBP Compact Target Met?	Cost Growth % (2020-21)	Cost Growth Target Met?
Health Net Company	Medicare Advantage	*	No	6.0%	No
Health Net Oregon	Medicare Advantage	*	No	10.0%	No
Health Net Oregon	Commercial	1%	No	3.0%	Indeterminant
Moda	Commercial	28%	No	11.5%	No
Moda	Medicare Advantage	1%	No	5.7%	No
PacificSource Health	Commercial	10%	No	15.1%	No
Providence	Commercial	0%	No	10.3%	No
Providence Health Assurance	Medicare Advantage	0%	No	5.6%	No
Regence	Commercial	17%	No	13.7%	No
Regence	Medicare Advantage	23%	No	8.1%	No
Umpqua CCO	Medicaid	25%	No	4.4%	Indeterminant
United Healthcare	Commercial	0%	No	11.6%	No
United Healthcare	Medicare Advantage	30%	No	6.5%	No
Yamhill Community Care	Medicaid	25%	No	1.9%	Indeterminant

* Payment arrangements for Health Net's Medicare Advantage companies show a combined percent of VBP payments of 3A or higher of 8%. Separate estimates of payment arrangements for those companies (for which cost growth is measured separately) are not available.

For More Information

VALUE-BASED PAYMENT COMPACT TARGETS



DATA SOURCES

2020-2021 cost growth target data for payers is publicly available in the [Health Care Cost Growth Trends in Oregon, 2020-2021 Report](#) and [Public Databook](#)

2021 payment arrangement data for payers is publicly available in Oregon All Payer All Claims Payment Arrangement dashboard, available online: <https://visual-data.dhsoha.state.or.us/t/OHA/views/VBP2021/welcome>

FOR MORE INFORMATION

Contact us at HealthCare.CostTarget@oha.oregon.gov

You can get this document in other languages, large print, braille, or a format you prefer. Contact the Sustainable Health Care Cost Growth Target Program at 503-385-5948 or email HealthCare.CostTarget@oha.oregon.gov.