
Oregon Sustainable Health Care Cost Growth Target Program

Orientation for Provider Organizations

May 2022



Housekeeping

This session is being recorded. The recording and slides will be posted online:

<https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>

Virtual Meetings:

- Please list your **first** and **last name** and **organization**.
- Please mute yourself.
- There will be space for questions throughout and at the end. You can ask questions in the chat any time.

Orientation Purpose

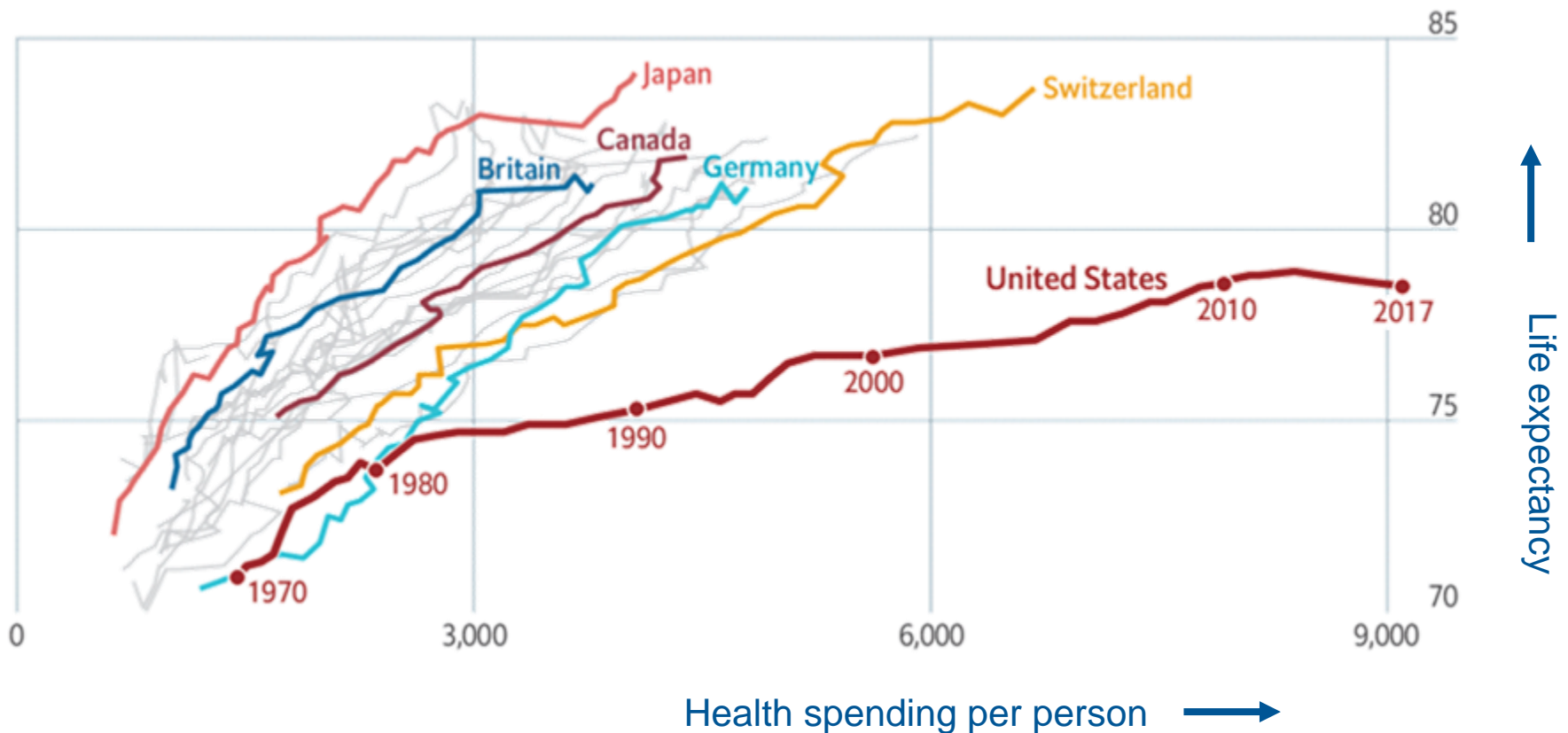
- Learn about Oregon's cost growth target program
- Learn how provider organizations are involved
- Connect with cost growth target program staff

Agenda

1. Why have a cost growth target?
2. Oregon's Cost Growth Target (CGT) Program
3. Which provider orgs are subject to CGT?
4. How is the CGT measured?
5. Next steps for provider orgs?
6. Staying engaged

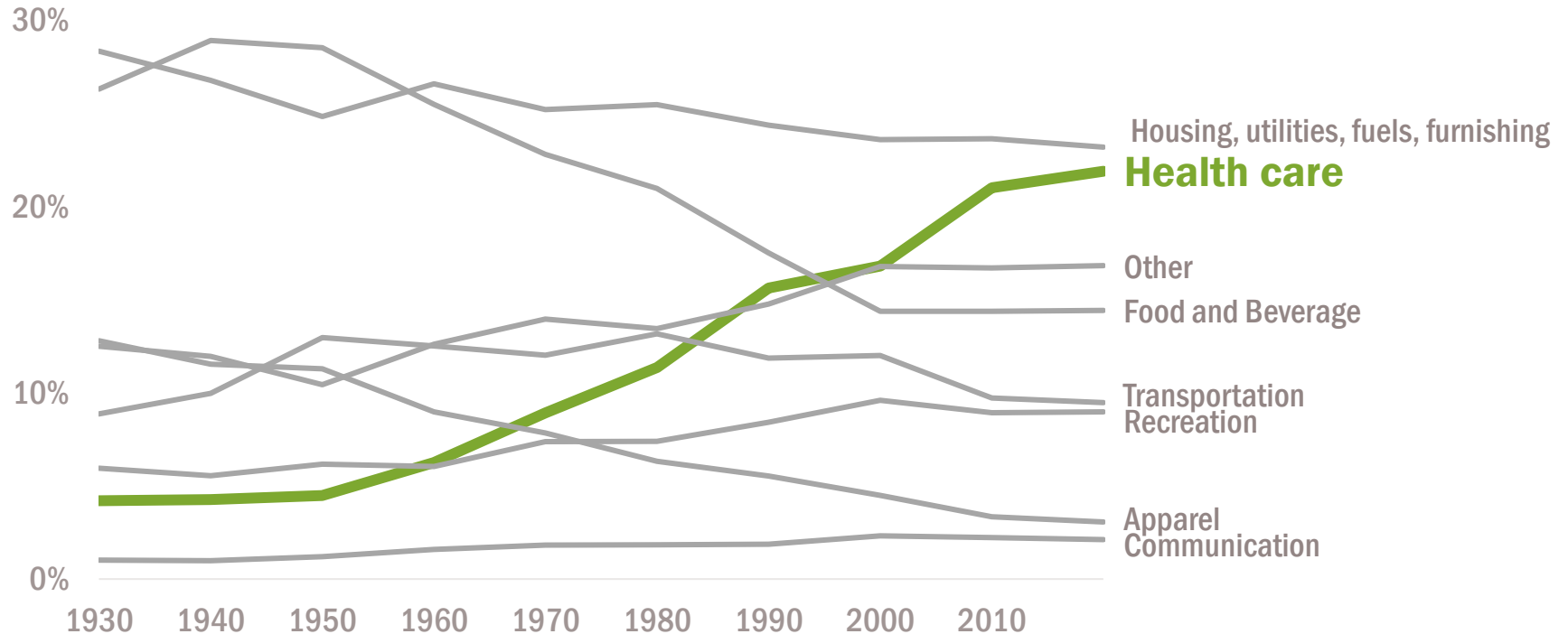
Why have a cost growth target?

U.S. health care costs twice the average of other countries. But life expectancy is lower.



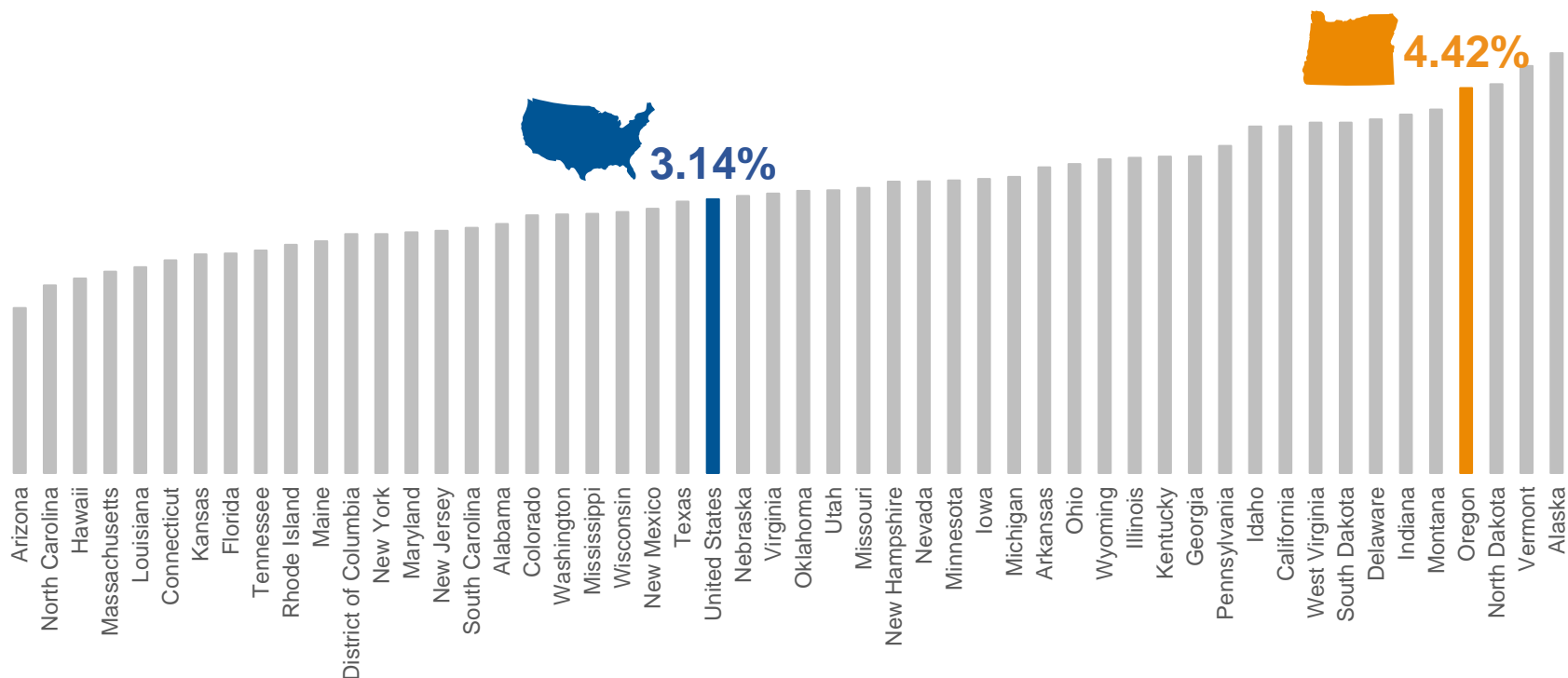
Health care costs have increased sharply in the last 50 years.

Spending as percent of household income



Source: BEA, Table 2.5.5. Personal Consumption Expenditures by Function

From 2009 to 2014, Oregon's health care spending grew at a greater rate than most states.



Source: US Census Bureau and Center for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

In 2019, personal spending on health care was higher in Oregon than the U.S. average.

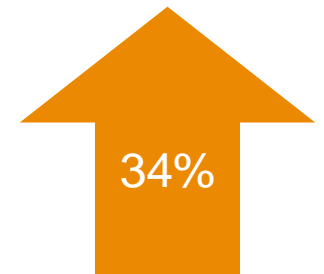
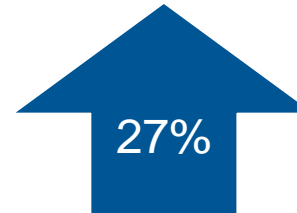


\$7,487



\$7,615

From 2013 to 2019, personal spending in Oregon grew at a greater rate than the U.S. average.



High health care costs impact people in Oregon in many ways.



The average annual cost of family health insurance premiums in Oregon is approaching the cost of a new compact car.



High health care costs jeopardize the financial stability of people in Oregon.



High health care costs can prevent people from accessing needed care.



High health care costs burden some communities in Oregon more than others; this exacerbates health and wealth inequities across the state.



A health care cost growth target supports a sustainable rate of growth for health care spending.

A health care cost growth target provides...



A Common
Goal



Sustainable
Target

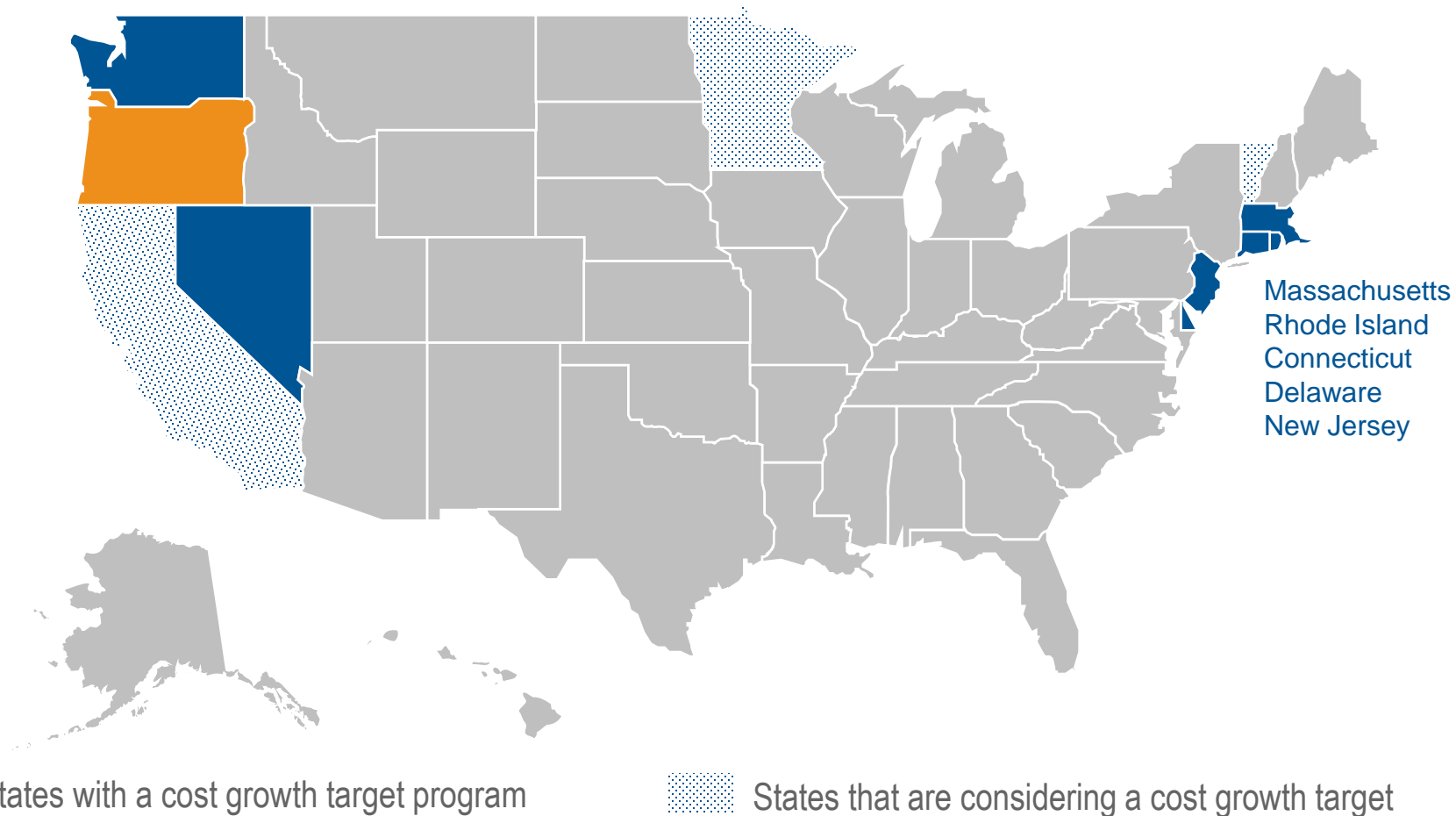


Total Cost of
Care Approach

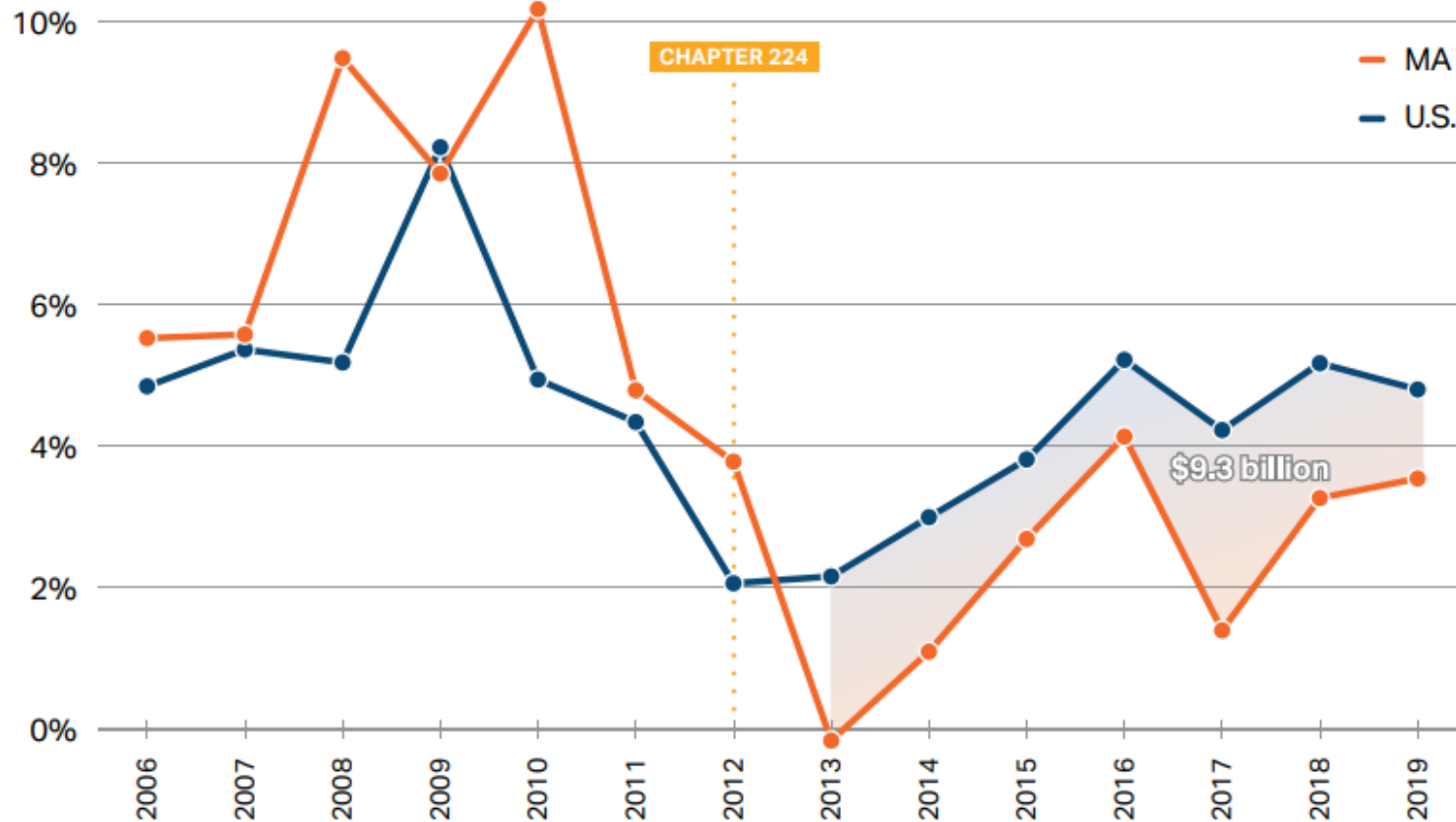


Transparency

Oregon is the 4th state to adopt a cost growth target.



After setting a target, commercial cost growth rates in Massachusetts has been consistently lower than national.

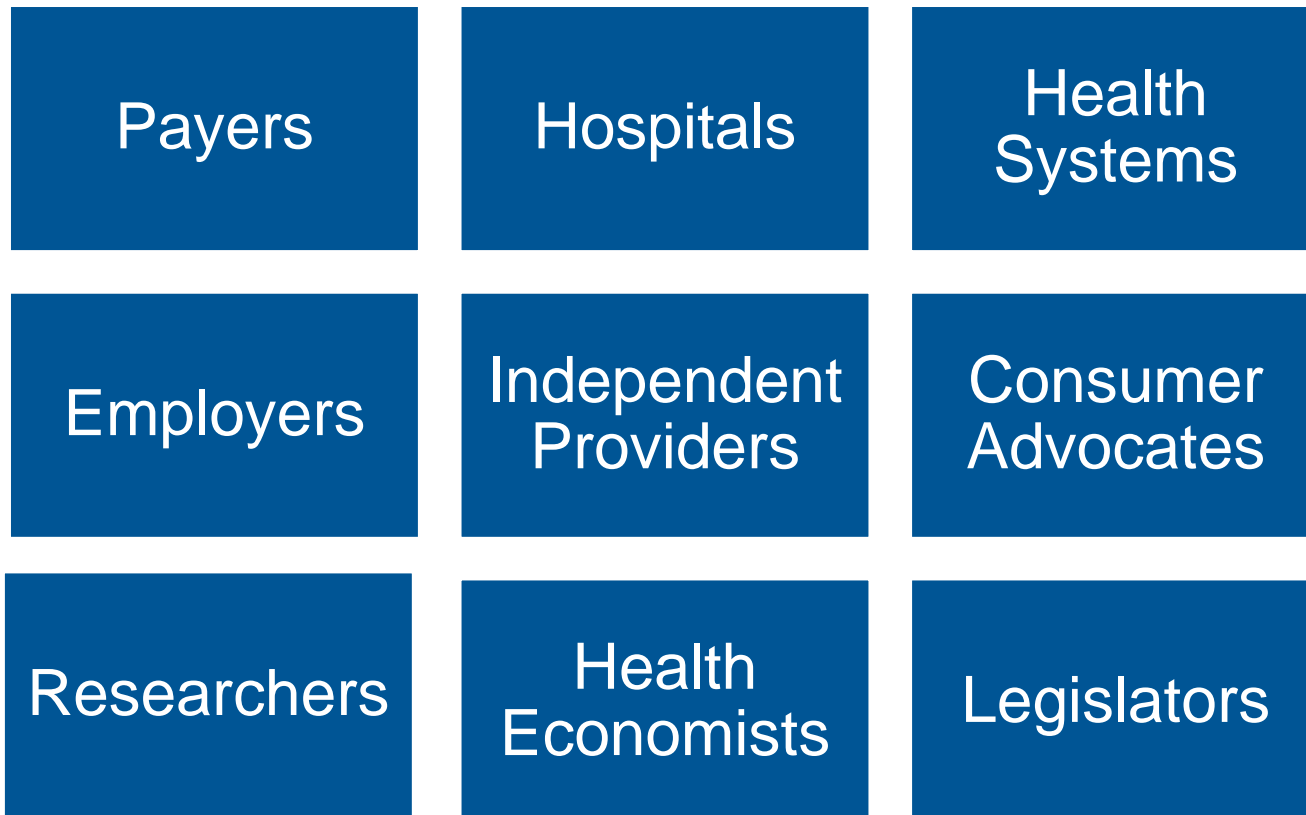


Oregon's Cost Growth Target (CGT) Program

How we got here



Many stakeholders have been involved in developing the CGT Program.



The Cost Growth Target Implementation Committee recommendations guide program implementation.



Cost Growth Target



Data Use Strategy



Accountability



Quality & Equity



Taking Action



Transparency

Oregon's cost growth target has been set for 10 years

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
3.4% Cost growth target					3.0% Cost growth target				
2021 – 2025 (first five years) Informed by historical GDP and historical median wage					2026 – 2030 (next 5 years) Advisory Committee will re-assess cost growth target prior to implementation				

The cost growth target applies at four levels

Statewide

Statewide

Market Level

Medicare

Medicaid

Commercial

Insurer Level

Fee-for-service

Medicare Advantage

Fee-for-service

CCOs

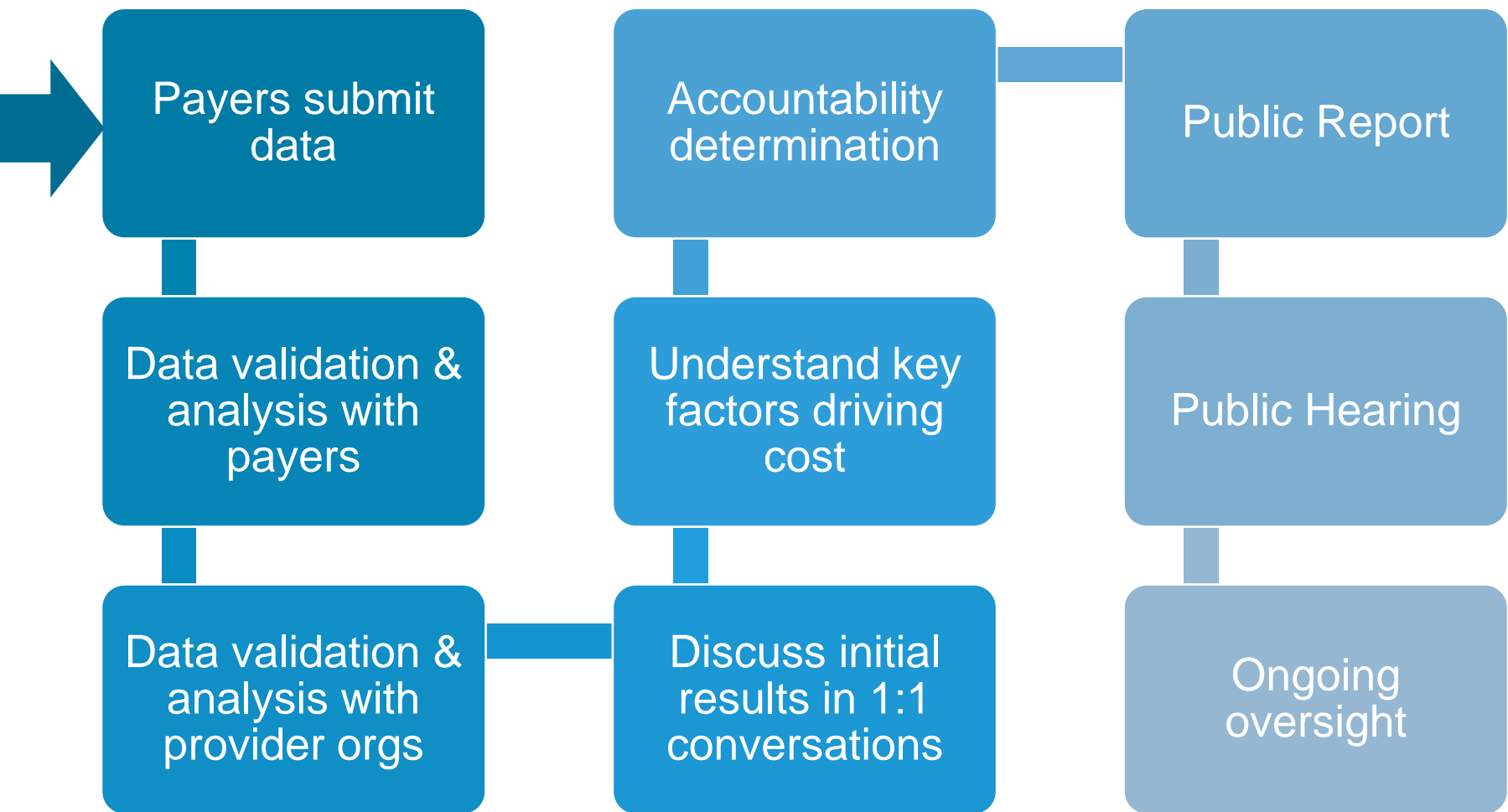
Insurers

Provider Level

Large Provider Organizations

Annual Cost Growth Target Program Cycle





Accountability Determination

1. Ensure statistical confidence

Only entities that exceed the cost growth target with statistical certainty may be held accountable

2. Determine reasonableness

Only entities that exceed the cost growth target without good reason may be held accountable

Determining Reasonableness

Potential factors that may cause an organization to reasonably exceed the CGT include, but are not limited to:

Changes in mandated benefits

New drugs or treatments

Changes in taxes or other administrative factors

“Acts of God” (e.g. pandemics, natural disasters)

Changes in federal or state law

Investments to improve population health and/or address health equity

Escalating Accountability

1. Transparency

2. Performance Improvement Plans

3 Financial Penalty

Accountability phases in...

We are here

CGT Year	0	1	2	3	4	5
Cost growth between	2018 – 2020	2020 – 2021	2021 – 2022	2022 – 2023	2023 – 2024	2024 – 2025
Data submission in	2021	2022	2023	2024	2025	2026
Are payers/provider orgs identified in reports?	No	Yes	Yes	Yes	Yes	Yes
Do PIPs apply?	No	No	Yes	Yes	Yes	Yes
Does \$ penalty apply?	No	No	No	No	No	Yes

<https://www.oregon.gov/oha/HPA/HP/HCCGBMeetingDocs/12.%20Accountability%20timeline%2012.16.20.pdf>

**Which provider
organizations are subject
to the cost growth target?**

Which provider organizations are subject to the cost growth target?

The statute (SB 889) directs the cost growth target to “apply to all providers ...in this state”.

The Implementation Committee identified 2 criteria for inclusion. Provider organizations that ...



Can be held accountable for Total Medical Expenditures (TME)



Have sufficient patient volume



Which provider orgs can be held accountable for TME?

Organizations that could in theory take on contracts where they are responsible for the total cost of care because they:

- (1) include primary care providers who direct a patient's care, and/or
- (2) can influence where a patient receives care.



Which provider orgs can be held accountable for TME?

- Health systems
- Hospitals with primary care providers
- Medical groups with primary care providers
- Subset of specialists that provide care coordination or provide a majority of primary-care like services
- ACOs
- IPAs



Which provider orgs have sufficient patient volume?

At least 10,000 unique all-payer attributed lives, or at least 5,000 attributed lives within any one market (Medicaid, Medicare, Commercial).

Or, expressed in member months: at least 120,000 member months across all markets or at least 60,000 member months within one market.

OHA has identified ~50 provider organizations that meet these two criteria.

Provider Organization	2018 mm	2019 mm	2020 mm
Kaiser Permanente	5,457,821	5,648,230	5,697,429
Providence Health & Services	2,319,046	2,352,354	2,359,993
Legacy Health	656,522	654,824	775,990
PeaceHealth	796,751	761,932	674,275
Oregon Health & Science University (OHSU)	550,404	550,725	580,275

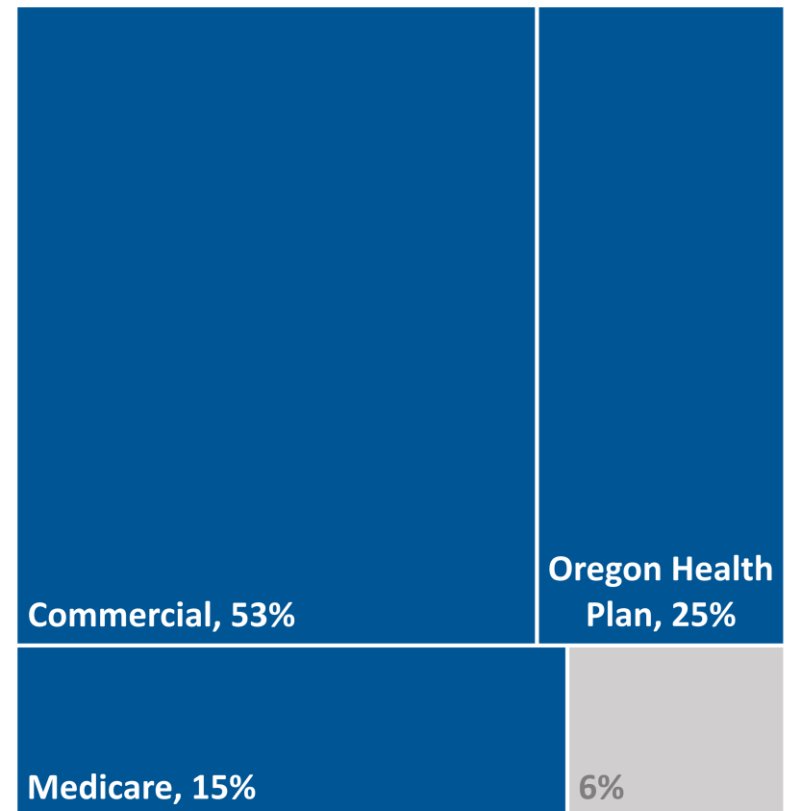
See full list at

https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20TAG%20Meeting%20Documents/List-of-Provider-Organizations-for-CGT_04.20.22.pdf

**How is the cost growth
target measured?**

Cost growth target data represents spending for >90% of people in Oregon

- Includes people in Oregon with Medicare, Medicaid or commercial insurance.
- Includes care provided by any provider in or outside Oregon.
- Does not include out-of-state residents who receive care from Oregon providers
- Does not include spending for people who are not insured.



Two ways to measure costs

Statewide

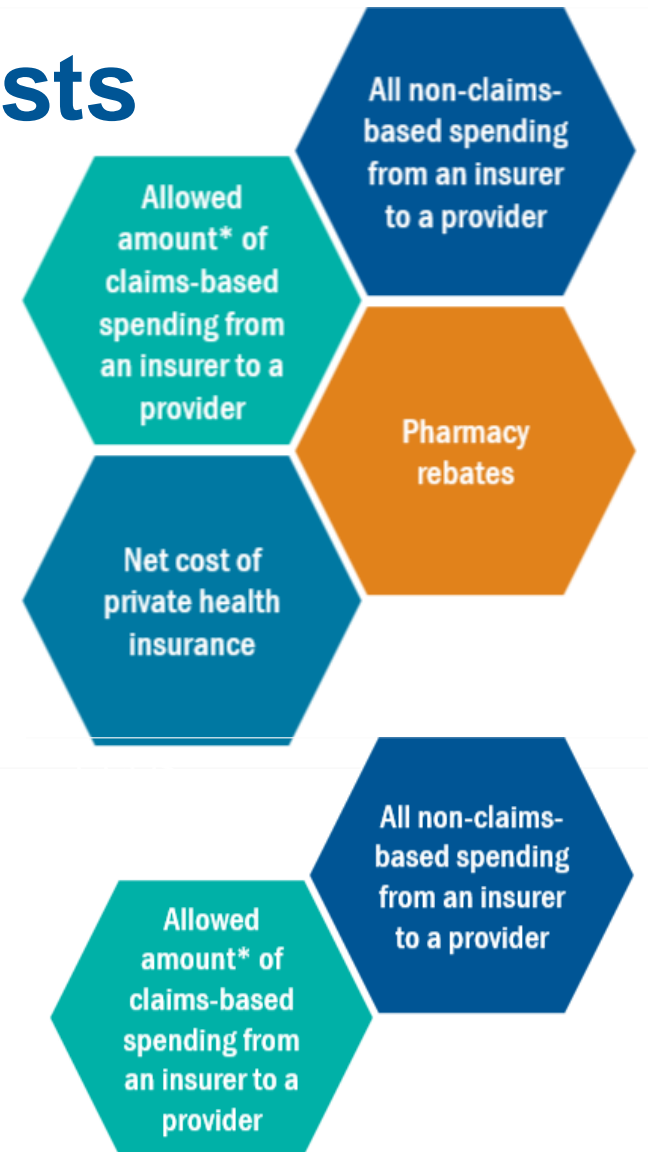
Market Level

Insurer Level

Total Health Care
Expenditures (THCE)

Provider Level

Total Medical
Expenditures (TME)

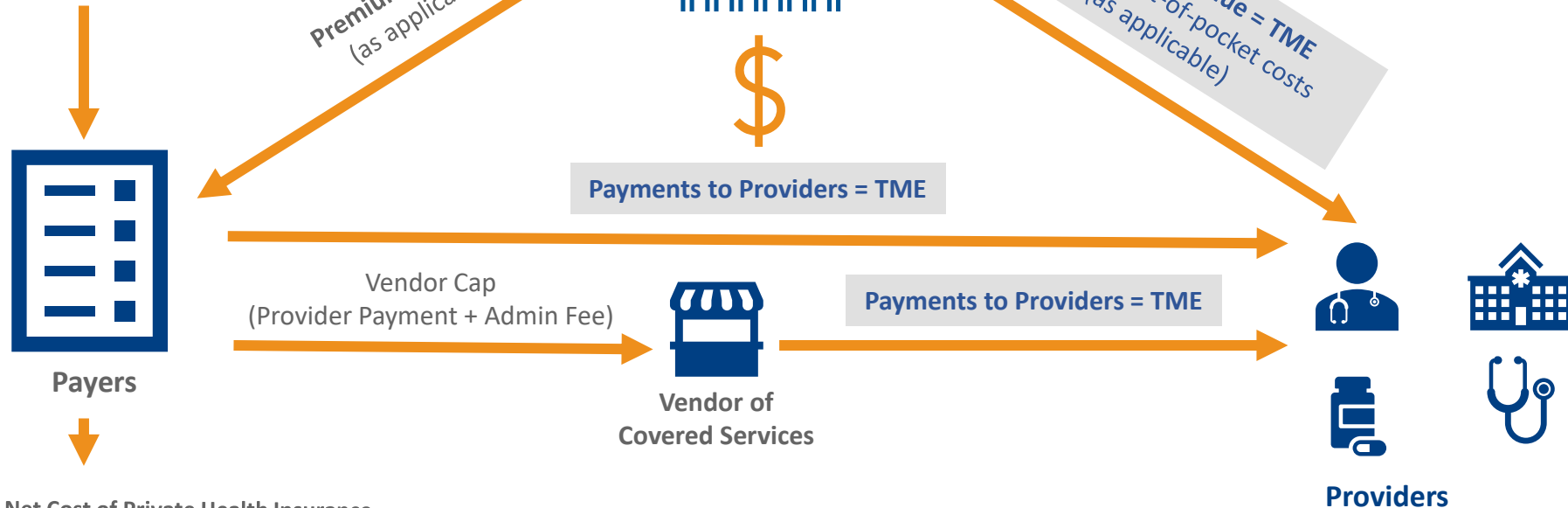


*"Allowed amounts" refer to the price paid by the insurer to the provider and the patient liability owed directly to the provider, regardless of whether the patient actually paid the owed amount.

Capturing Total Medical Expense (TME)

Other Revenue

- Medicare capitation
- Medicaid capitation
- Medicare sweep payments
- Reinsurance



Net Cost of Private Health Insurance

- Including other vendor services (e.g., management of quality incentive program)
- Marketing
- Paying bills
- Profit

Where is the data coming from?

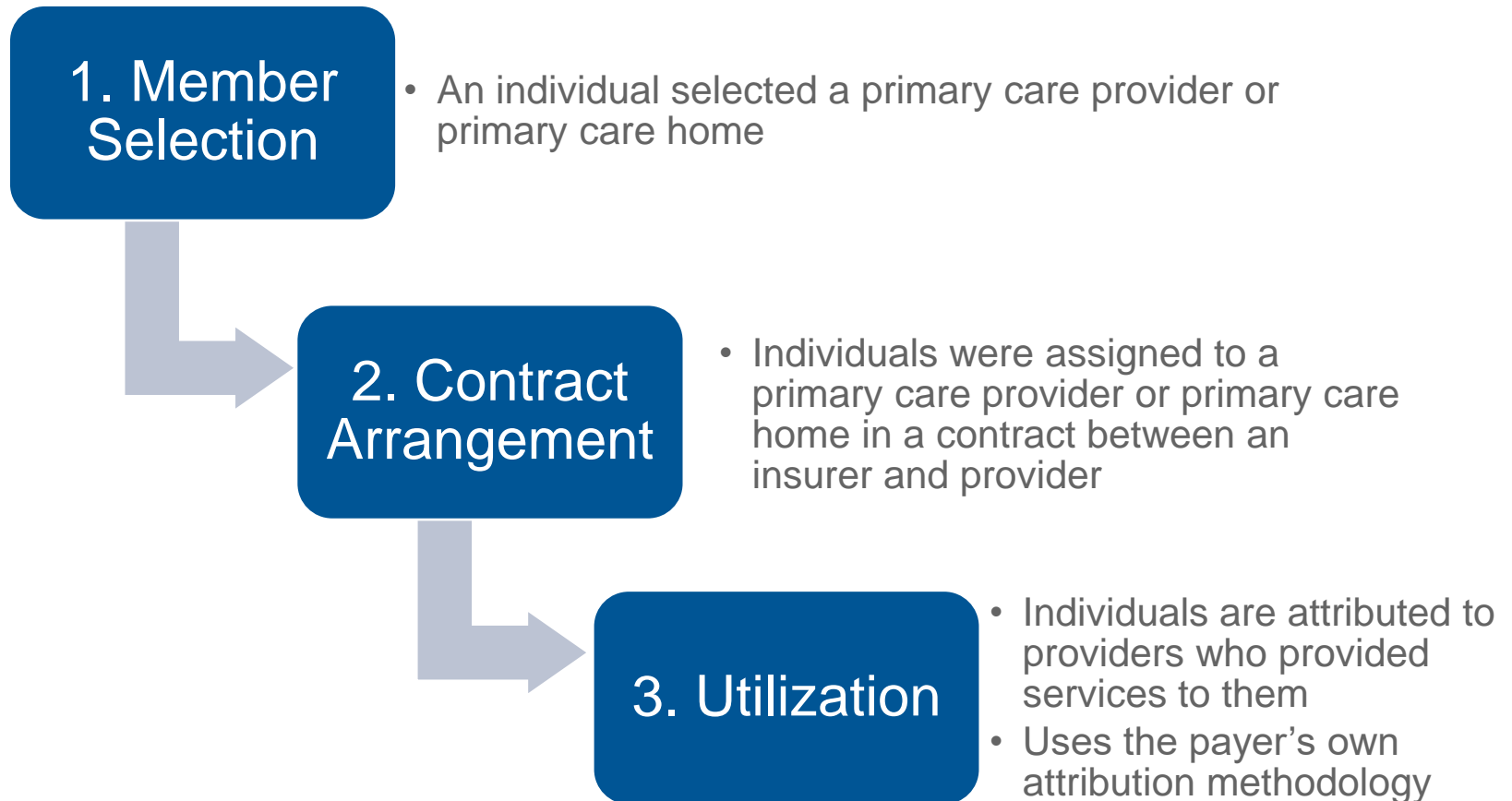
The cost growth target program collects an annual data submission from payers and third-party administrators that have at least 1,000 covered lives in Oregon.

The data submission includes both claims and non-claims-based payments that payers make to provider organizations.

The initial data submission was collected in 2021 and includes data for CY 2018-2020. 32 payers submitted data.

List of data submitters: <https://www.oregon.gov/oha/HPA/HP/Pages/cost-growth-target-data.aspx>

Payers attribute individuals to provider organizations based on:



Spending follows the person

For individuals that have been attributed to a provider organization, all of their health care spending is attributed to that provider organization, whether or not it was delivered by that organization.

Aggregating spending at the provider organization level

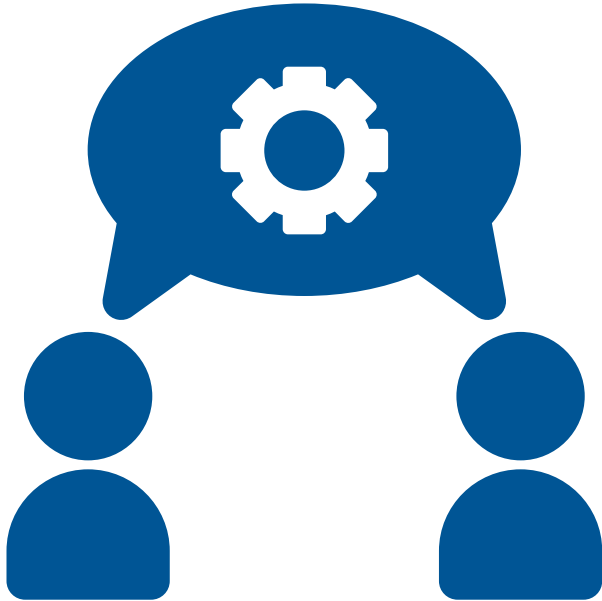
Each payer reports health care costs that can be attributed to provider organizations.

OHA combines the payer data submissions and aggregates data for the provider organizations, including number of attributed lives (member months) and attributed dollars.

Only a subset of provider organizations included in the payer data submission meet the size threshold for inclusion in the cost growth target program.

Next Steps for Provider Organizations

OHA will meet with provider organizations to discuss CY 2018-2020 data in summer 2022



- OHA will share the results of the initial CGT data.
- OHA will share provider organization-specific data summaries beforehand
- Provider organizations can review background materials and bring questions for OHA



Why should provider orgs participate in these meetings with OHA?

These conversations will help provider organizations to:

- Understand CGT program requirements
- Understand how the CGT program collects, analyzes, and reports health spending data
- Understand cost growth and cost growth drivers between 2018-2020
- Prepare for reporting and transparency in future years
- Prepare for accountability conversations in future years

Staying Engaged



Follow the Cost Growth Target Advisory Committee

- Public (virtual) meetings of the committee
- Meetings in June, July, Sept and Nov 2022
- Opportunity for public comment
- <https://www.oregon.gov/oha/HPA/HP/Pages/cost-growth-target-advisory-committee.aspx>



Join the Cost Growth Target Technical Advisory Group (TAG)

- Public (virtual) meetings of the TAG
- Monthly meetings on the fourth Wednesday at 10 AM
- Open to payers, provider organizations, and others to work with OHA on various technical topics
- <https://www.oregon.gov/oha/HPA/HP/Pages/cost-growth-target-tag.aspx>

Email us to be added to the TAG distribution list.

Join the Oregon Value-Based Payment Compact

A collaborative payer and provider partnership to advance the adoption of advanced VBP arrangements across Oregon



- VBP Voluntary Compact
- 47 signatories representing 73% of lives in Oregon

<http://www.orhealthleadershipcouncil.org/oregon-value-based-payment-compact/>



For more information

Cost Growth Target Program website

<https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>

- [Implementation Committee Recommendations Report \(2021\)](#)
- [List of Provider Organizations for CGT](#) (as of 4/2022)



Contact Us

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