

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

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**STATE OF OREGON
OREGON HEALTH AUTHORITY
HEALTH POLICY AND ANALYTICS DIVISION
SUSTAINABLE HEALTH CARE COST GROWTH TARGET PROGRAM**

In the Matter of:

Regence BlueCross BlueShield of
Oregon, an Oregon Nonprofit
Corporation

For the Cost Growth Target
measurement period: 2021-2022

Agency No. **CGT-2023-PAYER-16**

**NOTICE OF PROPOSED DETERMINATION
AND RIGHT TO REQUEST A HEARING**

Oregon Health Authority's (OHA) Sustainable Health Care Cost Growth Target Program (CGT) is tasked with monitoring the cost of health care in Oregon and holding payers and provider organizations accountable for cost growth that exceeds the annual target with statistical confidence and without an acceptable reason. The CGT is governed by Oregon Revised Statutes (ORS) 442.385 through 442.386 and Oregon Administrative Rules (OAR) Chapter 409, Division 65.

Per ORS 442.386 and OAR 409-065-0035, OHA reviews underlying cost drivers and reasons for cost growth and makes a determination as to whether such conditions or factors, or combination of such conditions or factors, suffices as reasonable cause for an entity to exceed the cost growth target for the measurement period.

Now, therefore, upon due consideration of the circumstances, including the mandatory cost growth target data submissions, supplemental information provided by the entity, and the entirety of OHA's record, OHA enters the following Notice of Proposed Determination.

Procedural History and Findings of Fact

OHA's CGT conducted its cost growth review under OAR 409-065-0035, which requires that OHA conduct analyses to understand potential systematic causes or other factors that might result in payers or provider organizations exceeding the cost growth target. The cost growth target for 2021 through 2025 is 3.4%.¹

Regence BlueCross BlueShield of Oregon, an Oregon Nonprofit Corporation ("Regence") is a payer in Oregon and a mandatory reporter under OAR 409-065-0010. On or around April 20, 2023, OHA notified Regence that it was subject to the cost growth target program for the 2023 data cycle, with a data submission due date of September 1, 2023.

On or around September 1, 2023, Regence submitted its mandatory data submission (CGT-1) to OHA. OHA generated a data validation summary on or around September 6, 2023 and held a data validation meeting with Regence on or around September 18, 2023. OHA completed CGT-1 data validation with Regence on or around September 18, 2023.

On or around May 9, 2024, OHA notified Regence of the cost growth data that were to be reported publicly in OHA's 2024 Cost Growth Target Annual Report, for the 2021-2022 cost growth measurement period. This report was released publicly on or around May 28, 2024.

¹ The cost growth target value for 2021-2025 was established by the Cost Growth Target Implementation Committee, as documented in their January 2021 Recommendations Report.
<https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/Cost%20Growth%20Target%20Committee%20Recommendations%20Report%20FINAL%2001.25.21.pdf>

OHA identified Regence as having cost growth over the target between calendar years 2021 and 2022 for the following markets: **Medicare Advantage, 6.8%**.

On or around July 1, 2024, Regence informed OHA that there was an error in its initial data submission, wherein demographic score data were incorrect. On or around July 1, 2024, Regence submitted an updated CGT-1 file, and OHA generated and reviewed an updated data validation summary. OHA validated the data and published Regence's **corrected Medicare Advantage cost growth of 4.6%** in an updated version of the 2024 Cost Growth Target Annual Report on August 1, 2024.

On or around July 25, 2024, OHA notified Regence that it had exceeded the cost growth target for the 2021-2022 measurement period pursuant to OAR 409-065-0035(3).

OHA met with Regence in September of 2024 to discuss potential reasons for excess cost growth for Medicare Advantage from 2021-2022. See Attachment 1 for meeting dates and participants. Following this meeting, Regence provided additional documentation of their reasons for cost growth.

Findings of Determining Reasonableness Process

As a result of the reasonableness discussion and data review process, OHA identified the following major cost drivers for Regence from 2021-2022:

- 1. Rebound in utilization of hospital outpatient services following the COVID-19 pandemic** – Regence members with Medicare Advantage coverage delayed care during the pandemic in order to avoid COVID-19 infection. In particular, this included certain outpatient surgeries. Emergency Department utilization was also suppressed during the pandemic. In 2022, the amount spent on Medicare Advantage members increased rapidly as these members returned for this care.
- 2. Rising cost of medical pharmacy** – Certain drugs are provided in a hospital outpatient setting, and are often administered by a medical practitioner. The price of these drugs, including some drugs for chemotherapy, rose rapidly over the measurement period, with some increasing more than 50%. The increased cost of medical pharmacy contributed to growth in hospital outpatient spending on a per member per month basis.

PROPOSED DETERMINATION

Following a review of CGT data and additional information on health care spending, OHA has determined that Regence's health care cost growth for Medicare Advantage from 2021-2022 was:

1. **Due to acceptable reason(s).** Regence will not be held accountable for cost growth in this measurement period and no further action is required for this measurement period.

Please see Attachment 2 for a running summary of Regence's cost growth performance over time.

Dated this 21 day of January 2025.

By:



Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

IMPORTANT NOTICES

PETITION FOR RECONSIDERATION: You may file a Petition for Reconsideration ("Petition") pursuant to OAR 409-065-0050 within 30 days from the date this proposed order was mailed (See the "Date Mailed" on the first page). The Petition must include the specific grounds for reconsideration, and may be supported by written argument or attachments explaining why you believe OHA erred in its decision. This Petition will initiate an informal review process under OAR 409-065-0050.

The Petition must be submitted via email to HealthCare.CostTarget@oha.oregon.gov.

NOTICE OF RIGHT TO REQUEST A HEARING: You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), OAR

409-065-0050 and OAR 137-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within twenty (20) calendar days from the date this Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

HealthCare.CostTarget@oha.oregon.gov

or

421 SW Oak Street, Suite 875
Attn: Cost Growth Target Program
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time and place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing, and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

NOTICE TO ACTIVE DUTY SERVICEMEMBERS: Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.

Attachment 1: Meeting Dates and Participants

Meeting Date	Participants
September 4, 2024	Sarah Bartelmann (OHA), Trang Weitemier (OHA), Mary Anne Cooper (Regence), Chandra Hicks (Regence), J.D. Larson (Regence), Antoinette Awuakye (Regence), Jessica Richard (Regence), Gillian Hays (Regence)

Attachment 2: Cost Growth Target Performance Over Time

Regence's Medicare Advantage Cost Growth

Measurement Year	Cost Growth %	Status	Determination
2021-2022	4.6%	Not Met	Reasonable