

Executive Summary

The Sustainable Health Care Cost Growth Target Program

About the Program

In 2019, the Oregon Legislature passed Senate Bill 889, establishing the Sustainable Health Care Cost Growth Target Program, and convening an Implementation Committee under the direction of the Oregon Health Policy Board. The Committee is charged with designing the implementation plan for the Program and was directed to report its recommendations to the Oregon Health Policy Board and the Legislature no later than September 15, 2020. However, the Committee paused its work for several months during the COVID-19 public health emergency and is now slated to finish its recommendations by the end of 2020.

This report provides an overview of Implementation Committee progress. Final recommendations will be submitted to the Legislature in January 2021.

How Cost Growth Targets Work

The cost of health care in Oregon is projected to continue growing faster than both the state's economy and Oregonians' wages. When the cost of health care grows faster than the economy and wages, it means that Oregonians are left paying a larger percentage of their income on health care. Rising health care costs also mean less money for investments in wages, retirement, and critical public services.

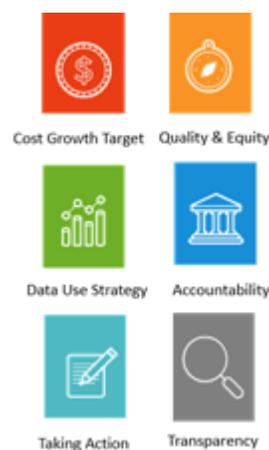
The health care cost growth target is intended to serve as a budget target for the annual per capita rate of growth of total health care spending in the state. Health insurance companies' and health care providers' health care spending will be compared to the cost growth target each year, and the Program will report on cost increase and drivers of health care costs annually. The cost growth target will bring everyone to the table to work towards a common goal of holding health care costs down.

Committee Recommendations

The Implementation Committee has organized its implementation planning across six workstreams (see graphic). A description of the workstreams and recommendations to-date are summarized below; these recommendations may be modified or expanded before final recommendations are submitted in January 2021.

The Committee will address remaining topics (see below) in its October – December 2020 meetings.

Committee Workstreams



COST GROWTH TARGET

This workstream contains activities related to the development of a cost growth target and establishing an implementation timeline.

- The annual per capita health care cost growth target should be 3.4% for 2021-2025 and then 3.0% for 2026-2030.
- In 2024, a to-be-determined advisory body should review economic indicators and health system performance against the cost growth target to determine whether the annual 2026-2030 target was set appropriately and if adjustments are needed.
- The cost growth target will be measured at four different levels: (1) statewide, (2) market (Medicaid, Medicare, Commercial), (3) by payers, and (4) by provider organization. Which payers and which provider organizations will be included in the measurement will be finalized in fall 2020.
- The first performance year of the cost growth target should measure trend between calendar years 2020 and 2021. OHA will collect data for 2018 and 2019 to understand what health care cost growth in Oregon looked like prior to COVID-19, as well as understanding the impact of COVID-19 on health care spending.

DATA USE STRATEGY

This workstream includes activities related to using Oregon's All Payer All Claims (APAC) data and other data sources to understand cost and cost drivers relative to the cost growth target.

- The Implementation Committee adopted Data Use Strategy Goals and Principles to guide planned analyses, data requirements, and transparent reporting for the Program.
- Payers will submit data measuring performance relative to the cost growth target. Additional analyses to understand health system performance cost drivers, unintended consequences, and unjustified variation in cost growth will be conducted using Oregon's APAC data and other data sources.

TRANSPARENCY

This workstream includes activities related to public reporting and sharing of information.

- Program information will be shared through three primary mechanisms:
 1. Development and publication of public-facing reports,
 2. Publication of data files, and
 3. Public hearings.

- Public hearings will be held annually, after the publication of the annual health care cost trend report, to discuss performance and strategies to improve performance. Smaller stakeholder convenings could occur during the year to address specific strategies.

TAKING ACTION

This workstream includes activities related to strategies required to lower the growth in health care costs by payers, providers, and the state. This includes identifying opportunities for lowering costs, improving the quality of care, and improving the efficiency of the health care system by using innovative payment models, and determining the technical assistance and support necessary to help payers and providers achieve the cost growth target.

- The Implementation Committee is currently reviewing draft principles for accelerating the adoption of advanced value-based payment models across the state.

Remaining Decisions

The Implementation Committee will address the Quality & Equity and Accountability workstreams in their meetings before the end of the year.

Remaining topics for Quality & Equity include: principles for measuring the quality of care and how to address equity and cost containment. Remaining topics for Accountability includes: future governance for the Program, accountability and enforcement mechanisms, and supports payers and providers need to meet the cost growth target.

For More Information

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