

OEBB/PEBB Innovation Workgroup Meeting Minutes May 21, 2019

The OEBB/PEBB Innovation Workgroup held a regular meeting on May 21, 2019, at the Health Licensing Office, 1430 Tandem Ave. NE, Suite 180, Salem, Oregon. Geoff Brown, IW Chair called the meeting to order at 1:00 p.m.

Attendees

Workgroup Members:

Geoff Brown
Shaun Parkman
JJ Scofield
Dana Hargunani

Workgroup Members Absent:

Senator Betsy Johnson (non-voting member)
Representative Rob Nosse (non-voting member)

OEBB/PEBB Staff:

Ali Hassoun, Director
Damian Brayko, Deputy Director
Rose Mann, Board Policy and Program Coordinator
Margaret Smith-Isa, PEBB Program Development Coordinator

Consultants:

Emery Chen, Mercer Health & Benefits, LLC
James Matthisen, Mercer Health & Benefits, LLC
Robert Valdez, Mercer Health & Benefits, LLC
Michael Garrett, Mercer Health & Benefits, LLC
Nick Albert, Mercer Health & Licensing LLC

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I. Welcome and approval of March 21, 2019 Meeting Minutes.

Chair Geoff Brown called the meeting to order at 1:00 p.m.

MOTION - JJ Scofield moved to approve the meeting synopsis of the March 18, 2019 Innovation Workgroup meeting. Shaun Parkman seconded the motion. The motion carried 3 – 0.

II. Legislative Update

Glenn Baly provided a brief legislative update.

The Workgroup came to consensus to have the Workgroup Chair and vice chair meet with Senator Johnson and Representative Nosse to discuss the SB780 and HB3075 and give this Workgroup's feedback to help the legislature make fact-based decisions.

III. SB 1067 Hospital Payment Rules Update

Margaret Smith-Isa presented draft PEBB and OEBB administrative rules to support implementation of the hospital payment cap established in SB1067.

IV. Cost Drivers

Consultants from Mercer and Willis Towers Watson reviewed analyses of PEBB and OEBB cost drivers to help inform workgroup strategy development and areas of future focus.

There being no public comment nor further business to come before the Workgroup, Chair Geoff Brown adjourned the meeting at 3:30 p.m.

2019 Legislative Session Update
Enacted & Pending Legislation (6/18/2019)

Bill Number	Description	Operative Date(s)	Fiscal Impact	Status
HB 2010	Increased health insurance assessment from 1.5% to 2% on OEGB and PEBB medical/rx plans starting January 1, 2020 – December 31, 2026.	1/1/2020	Increased expenditures though increased premium rates.	Enacted
HB 2037	Makes provision of Long Term Care Insurance Plans optional for PEBB/OEGB versus the current mandatory requirement.	1/1/2010	No fiscal impact	Enacted
HB 2038	HB 2038 adds language to PEBB/OEGB statutes that would allow them not to publicly disclose proposals received in response to an RFP until the notice of intent to award the contract.	1/1/2020	No fiscal impact	Referred to House Rules Committee
HB 2266	<ol style="list-style-type: none"> 1) Maintains double coverage and opt out payments for OEGB and PEBB members. 2) Requires that a surcharge be established and implemented double covered spouses/dependents (OEGB – 10/1/2020, PEBB – 1/1/2021). 3) Maintains PEBB/OEGB dependent eligibility responsibility with frequency based on consultants' recommendations. 4) Limits hospital reimbursement cap to Oregon hospitals. 5) Requires that PEBB/OEGB report to Legislature by 12/31/2019 on: <ul style="list-style-type: none"> • Actions, strategies and challenges for meeting the 3.4% growth cap. • Purchasing power maximization and total cost reduction strategies. • Previous and upcoming renewal rates. 	Effective upon passage	Indeterminate	Passed House. Awaiting Senate vote.

2019 Legislative Session Update
Enacted & Pending Legislation (6/18/2019)

Bill Number	Description	Operative Date(s)	Fiscal Impact	Status
HB 2185	Imposes new requirements on PBM, including prohibiting mail-order only (except specialty), preventing pharmacy delivery and added reimbursement requirements. Defines terms such as specialty drugs and specialty pharmacy.	OEBB – 10/1/2021 PEBB – 1/1/2021	Indeterminate	Passed House. Referred to Senate Rules Committee.
HB 3331	Allows PEBB/OEBB employees to receive employer contribution for opting out of health plan coverage	Effective upon passage.	TBD	Referred to House Rules Committee
SB 735	Requires health outcome and quality measures adopted by Health Plan Quality Metrics Committee to include hospital measures. Requires insurers offering health benefit plans in this state to use health outcome and quality measures adopted by committee in insurers' quality assessment program.	1/1/2019	No impact	Referred to Ways and Means Committee
SB 780	Requires PEBB, OEBB, OHP and DCBS to establish a pilot program to consolidate their insurance plans into a single contract with distinct plan specific benefits. The agencies will contract with a single carrier to provide health insurance to participants in Josephine County, Jackson County, Curry County and southern Douglass County for plan years beginning on or after January 1, 2020. Effective January 1, 2020 and repealed on January 2, 2026	PEBB (1/1/2020) OEBB (10/1/2020)	\$41 million	Referred to Ways and Means Committee
SB 852	Changes the cost sharing for part-time faculty participating in OEBB HB 2557 medical/rx plans to 10% member and 90% State of Oregon	9/1/2020	\$25 - \$30 million	Referred to Ways and Means Committee
SB 872	Requires that pharmaceutical manufacturers report total cost of their patient assistance program and any other financial assistance. 2) Requires that PEBB, CCOs, and OPDP contract with a PBM or TPA on a fee-only basis and require pass through of any	Varying effective dates	\$70,000 - \$80,000	Referred to Ways and Means Committee

2019 Legislative Session Update
Enacted & Pending Legislation (6/18/2019)

Bill Number	Description	Operative Date(s)	Fiscal Impact	Status
	rebates/discounts 3) Requires that insurers publish detailed formulary information 4) Requires that OHA, PEBB, OEBC, DOC, and OYA report on drug costs. 5) Requires that Patient Advocacy Groups shall report on funding received from pharmaceutical manufacturers, PBMs and distributors. 6) PBMs shall report to DCBS on rebates, fees and reimbursements. 6) Manufacturers shall include drugs wholesale price paid by pharmacies in their advertising.			
SB 889	Establishes the Health Care Cost Growth Benchmark program to control growth of health care expenditures in this state.	1/1/2020	No impact	Awaiting House and Senate votes

OEBB-PEBB

Value-Based Payment Roadmap

OEBB and PEBB
Innovation Workgroup
6/18/2019

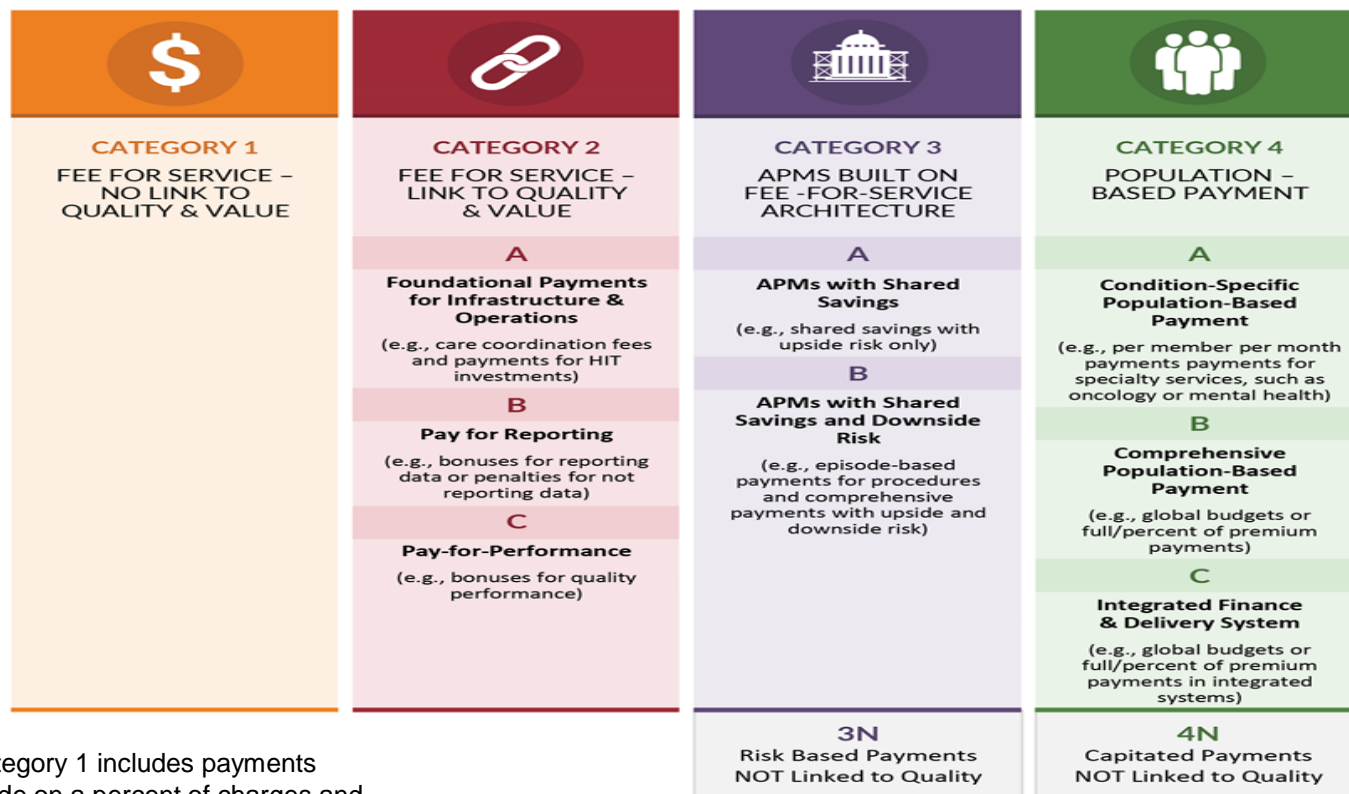


Today's Discussion

- OEBB-PEBB current value-based payment levels
- Recommended high level five-year VBP targets for Innovation Workgroup consideration and endorsement
- Suggested approach for establishing sub-targets in specific LAN categories and/or care delivery areas
- Update on long term VBP measurement and reporting

LAN Alternative Payment Model Framework

The LAN APM framework illustrates the continuum of clinical and financial risk for providers across four payment categories



Category 4 models are prospectively paid models

Category 1 includes payments made on a percent of charges and traditional fee schedule method. Over time a decreasing proportion of payments to providers should be in this category.

Combined VBP levels for OEGB & PEBB plans (preliminary analysis)

LAN Category	Kaiser Permanente ¹	MODA Health ²			Providence Health Plan ³
		Synergy/Summit	PPO	Total	
1	11%	7%	96%	59%	69%
2A	-	0%	0%	0%	<1%
2B	-	-	-	-	-
2C	-	0%	3%	2%	4%
3A	-	4%	0%	2%	3%
3B	-	87%	0%	37%	23%
4A	-	2%	1%	1%	<1%
4B	-	-	-	-	-
4C	89%	-	-	-	-
2C or Higher	89%	93%	4%	41%	31%

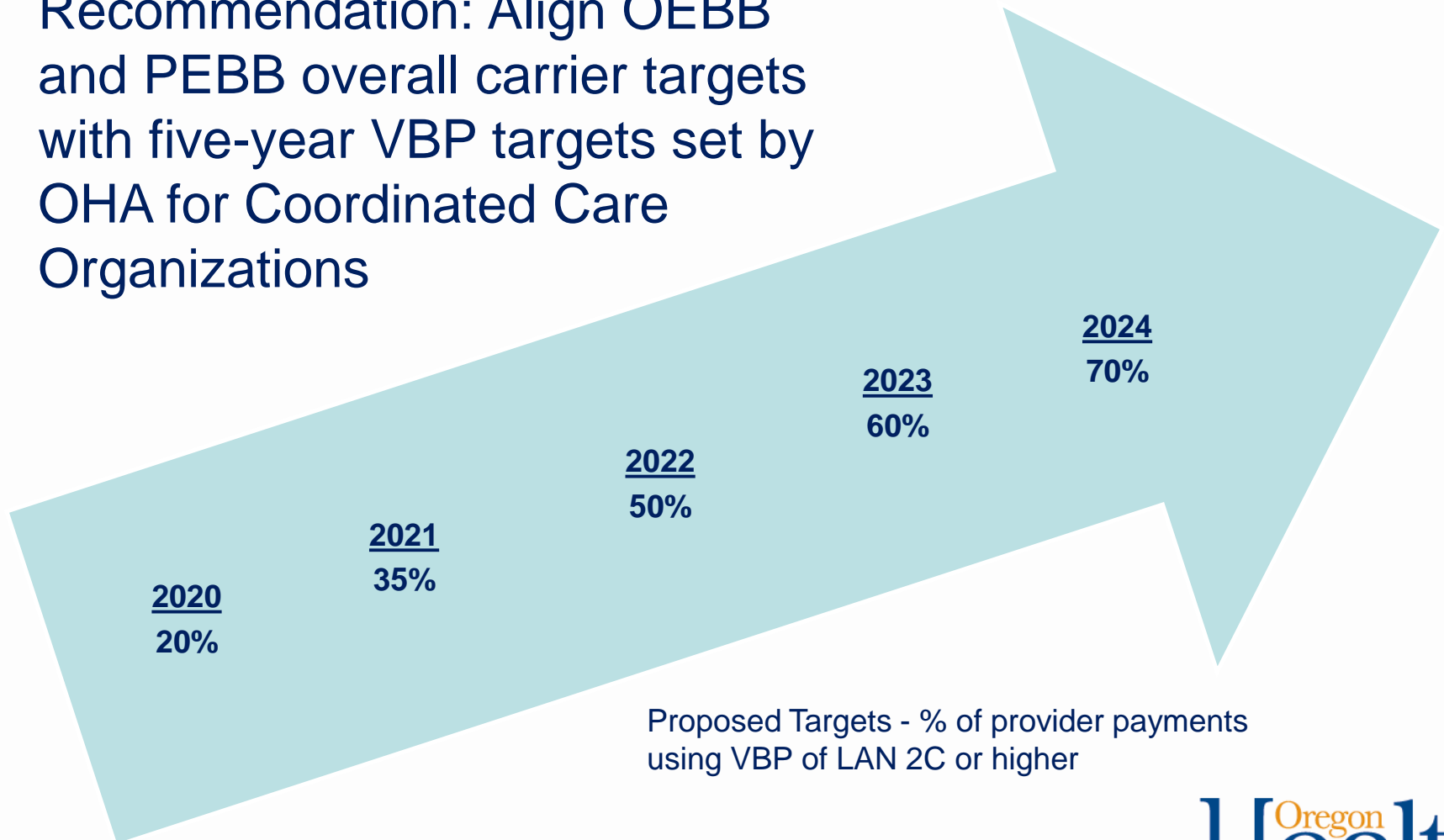
¹ Based on OEGB and PEBB 2017 data. About 23% of OEGB members and 18% of PEBB members have medical coverage through Kaiser.

² Based on OEGB and PEBB 2018 claims. About 77% of OEGB members and 9% of PEBB members have medical coverage through Moda Health.

³ Based on January – September 2018 PEBB claims data, annualized, combined for CCM and PPO. About 73% of PEBB members have medical coverage through Providence Health Plan.

OEBB/PEBB Proposed Five Year Targets

Recommendation: Align OEBB and PEBB overall carrier targets with five-year VBP targets set by OHA for Coordinated Care Organizations

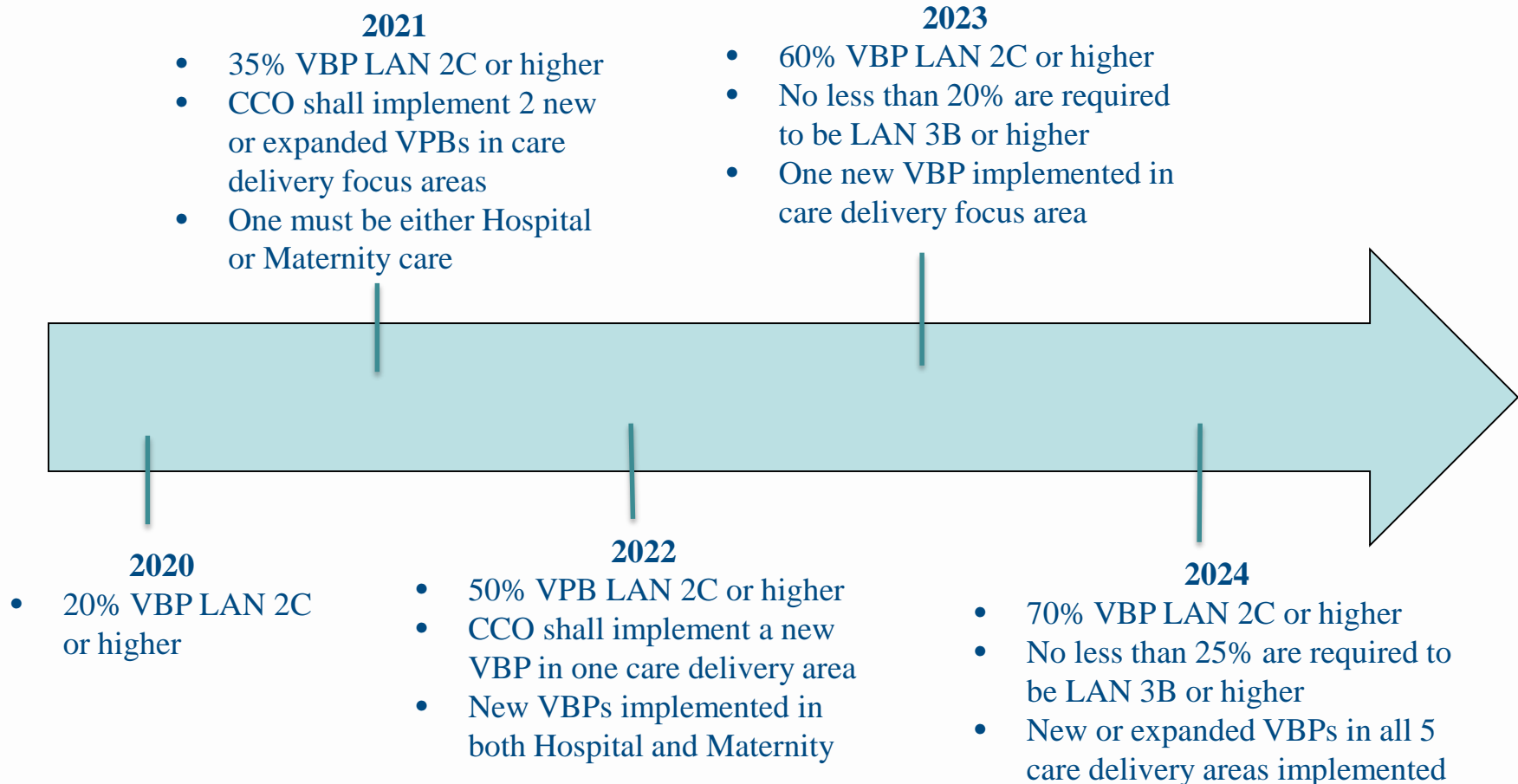


Proposed Targets - % of provider payments using VBP of LAN 2C or higher

Developing Sub-Targets

- Innovation Workgroup to further explore provider payments and alternative payment approaches over the next 12-18 months
- This further work will inform sub-target development for:
 - LAN categories 3B and higher (Shared Savings with Downside Risk and Population Based payments)
 - Care delivery areas
 - Particular consideration for the care delivery areas identified for CCOs (hospital care, maternity, children's health, behavioral health, oral health)

CCO 2.0 VBP Targets & Timeline



Update: VBP Measurement & Reporting

- OHA is convening a workgroup to review All Payer All Claims (APAC) Payment Arrangement file architecture and content
- The work group will have an advisory role and focus on three activities:
 - Confirm that OHA's intended use cases will be satisfied by the file submissions
 - Confirm recommendations on the technical build and organization of Payment Arrangement Files including suggestions that might meet data needs at lower effort by submitters; and
 - Identify other technical file specifications that might help data submitters comply with layout expectations
- Workgroup membership will include data submitters, data users/analysts, and OHA staff
- Workgroup duration is currently estimated to be 6 months with first meeting to convene in July

Discussion

- Innovation Workgroup consensus on high level VBP targets for OEBC-PEBC carriers
- Innovation Workgroup endorsement of general approach and timeline for further research and analysis to inform sub-target development
- Questions/Concerns

Thank You!

Questions? Please contact:

Margaret Smith-Isa, MPP
PEBB Program Development
OHA, Health Policy & Analytics
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margaret.g.smith-isa@state.or.us

Outpatient Review

OEBB and PEBB Innovation Workgroup

Attachment No. 4

May 21, 2019 / June 18, 2019



Introduction

This analysis follows the March Innovation Workgroup (IWG) report to take a more detailed look into areas driving outpatient and drug cost and use as well as follow-up information on specific conditions.

Areas of focus:

- Outpatient hospital drilldown
 - Overall utilization review
 - Facility costs
 - High-tech imaging
 - Drugs paid through the medical benefit
 - Top procedures
- Prescription drug drilldown — mail order, retail and specialty
- PEBB spine/back review by agency
- Spend stratification review
- Top condition review

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Introduction

Data for this analysis is on an incurred date basis using allowed costs. All data was pulled from the PEBB and OEBB IBM data warehouses.

	Current Period	Prior Period
PEBB	January '18 – December '18	January '17 – December '17
Total Allowed (Med + Rx)	\$922,162,316	\$878,010,895
Membership	135,069	135,427
Subscribers	51,339	51,198
Total PMPM	\$568.95	\$540.27
Risk Score	1.09	
OEBB	January '18 – December '18	January '17 – December '17
Total Allowed (Med + Rx)	\$758,865,782	\$732,414,153
Membership	156,082	153,364
Subscribers	65,126	63,691
Total PMPM	\$405.16	\$397.97
Risk Score	0.93	

Executive Summary

- Outpatient services in total represent about 2/3 of total medical and drug spend for both OEGB and PEBB
- From the March report, facility outpatient surgery and prescription specialty drugs were the largest components of trend
- This analysis reviews details of outpatient and drug spend that could potentially impact increases in these areas, focusing on:
 - Change in cost PMPM
 - Change in use per 1,000 members
 - Change in cost per service
 - Setting of care — balance of inpatient and outpatient services for specific areas where appropriate setting of care could be an issue
- At the IWGs request, this report also contains additional drill down from the March analysis on spine and back surgeries by agency for the PEBB population and condition analysis focusing on members with between \$20k and \$50k in cost

Executive Summary (Continued)

Topic	Finding	Recommendation
Overall balance between inpatient and outpatient services	Cost per unit is increasing for both inpatient and outpatient.	Review specific services in combination for outpatient and inpatient for provider differences.
OP High-Tech Imaging	Use is increasing while cost per service is decreasing for all but nuclear medicine.	Review specific nuclear medicine providers with largest cost per service.
Specialty pharmacy	Significant driver of pharmacy benefit trend, especially for PEBB.	Consider specific drugs provided through the medical benefit and whether there are savings opportunities. Further look at inpatient cost per service for PEBB.

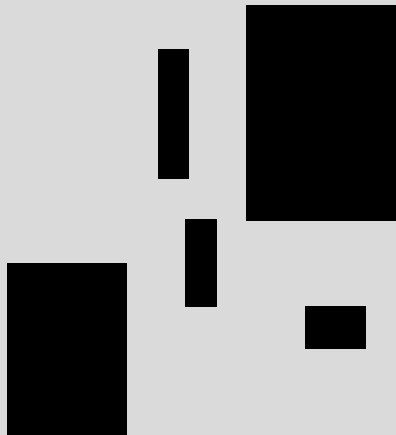
Executive Summary (Continued)

Topic	Finding	Recommendation
Chemotherapy	Most chemotherapy is performed in the outpatient setting. However cost per visit for chemo drugs has increased significantly, especially for PEB	Review specific chemo drugs to determine if there are cost savings opportunities.
Dialysis	Most dialysis is taking place in the outpatient setting. Cost and use changes are very moderate.	No further analysis.
Pharmacy	Mail order use has increased significantly for PEBB.	Investigate whether there are further cost savings opportunities by increasing use of mail order.

Executive Summary (Continued)

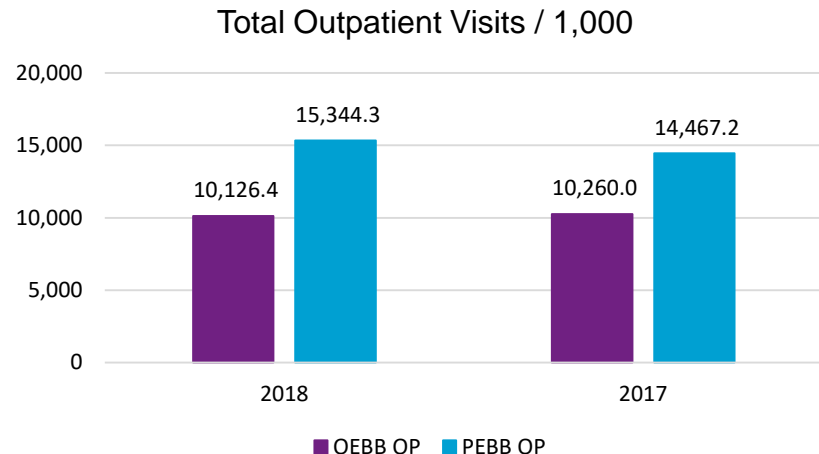
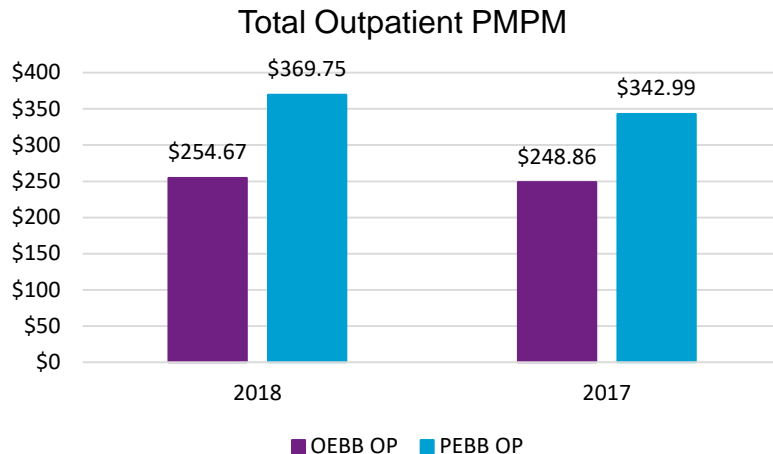
Topic	Finding	Recommendation
Conditions	Musculoskeletal, female genital procedures and major digestive have the highest PMPM cost increase.	Review service cost savings opportunities at the provider level.

Outpatient Review



Outpatient Costs

Total Outpatient



Observations

- Cost PMPM has increased 2.3% for OEGB and 7.8% for PEBB
- Utilization has decreased 1.3% for OEGB and increased 6.1% for PEBB
- Outpatient costs represent about 2/3 of total cost for both OEGB and PEBB
- PEBB outpatient utilization and costs are significantly higher than OEGB

Outpatient Costs

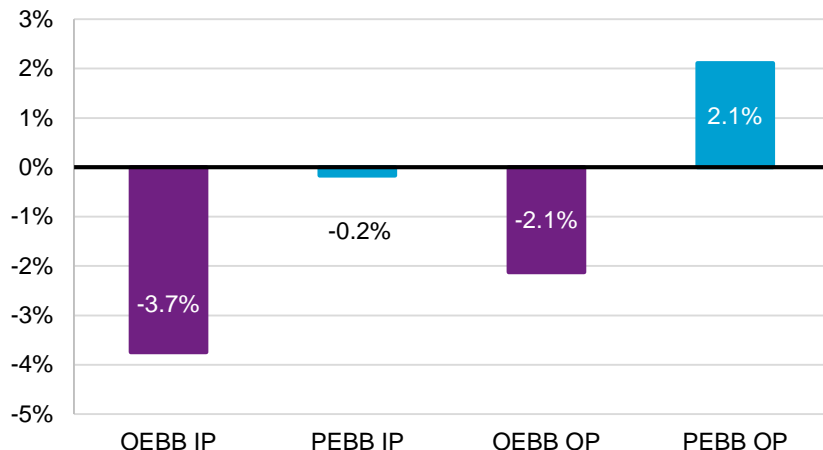
Total Outpatient (Continued)

OEBB	2018 Allowed	% of Total Allowed	PMPM	Visits	Visits / 1,000	2017 Allowed	% of Total Allowed	PMPM	Visits	Visits / 1,000
Outpatient Medical	\$476,989,710	62.9%	\$254.67	1,580,548	10,126	\$457,993,692	62.5%	\$248.86	1,573,518	10,260
YOY Change	4.1%		2.3%	0.4%	-1.3%					
PEBB	2018 Allowed	% of Total Allowed	PMPM	Visits	Visits / 1,000	2017 Allowed	% of Total Allowed	PMPM	Visits	Visits / 1,000
Outpatient Medical	\$582,100,464	63.1%	\$369.75	2,013,035	15,344	\$557,386,172	63.3%	\$342.99	1,959,186	14,467
YOY Change	4.4%		7.8%	2.7%	6.1%					

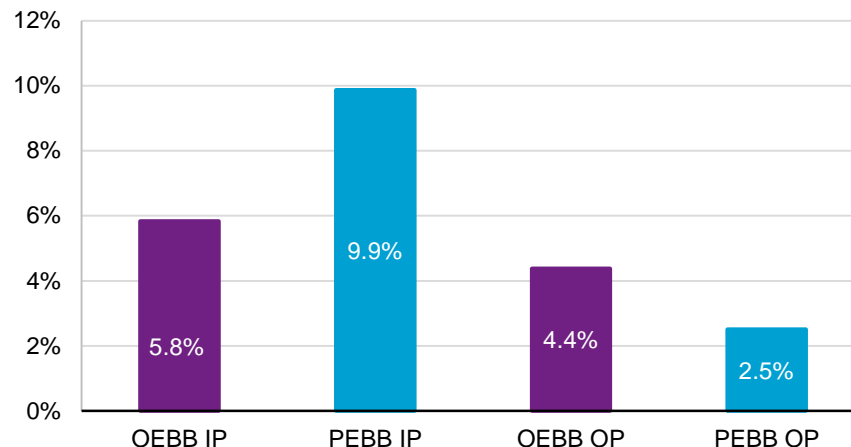
Hospital Aggregate Analysis

Cost and Utilization for IP and OP Facility

Change in admits / visits per 1,000



Change in cost per admit / visit



Observations

- Facility costs make up about 1/3 of total outpatient cost for both OEBC and PEBC
- PEBC has higher costs, higher utilization than OEBC. Both are increasing at a higher rate for PEBC than for OEBC.
- IP utilization is decreasing for both OEBC and PEBC
- OP utilization is decreasing for OEBC but increasing for PEBC

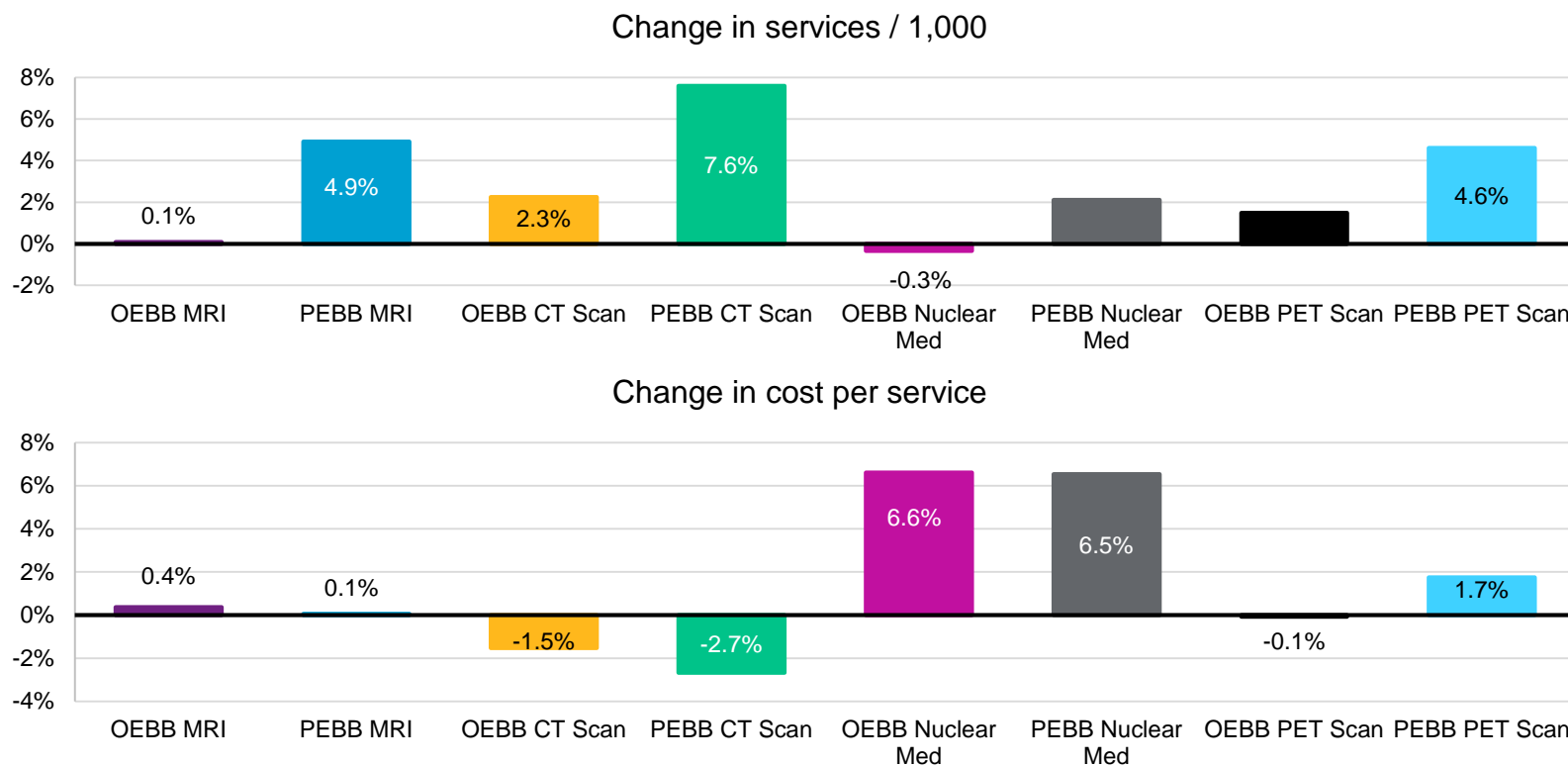
Hospital Aggregate Analysis

Cost and Utilization for IP and OP Facility (Continued)

OEBB	2018 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)	2017 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)
IP Medical	\$138,550,304	\$73.97	5,244	33.6	\$26,420.73	\$133,636,479	\$72.61	5,353	34.9	\$24,964.78
YOY Change		1.9%	-2.0%	-3.7%	5.8%					
OP Medical	\$163,506,701	\$87.30	83,088	532.3	\$1,967.87	157,274,383	\$85.46	83,414	543.9	\$1,885.47
YOY Change		2.2%	-0.4%	-2.1%	4.4%					
PEBB	2018 Allowed	PMPM	Admits/V isits	Admits (Visits) / 1,000	\$\$ / Admit (Visit)	2017 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)
IP Medical	\$171,681,415	\$109.05	6,323	48.2	\$27,151.89	\$161,571,387	\$99.42	6,538	48.3	\$24,712.66
YOY Change		9.7%	-3.3%	-0.2%	9.9%					
OP Medical	\$184,969,220	\$117.49	109,586	835.3	\$1,687.89	182,425,789	\$112.26	110,783	818.1	\$1,646.69
YOY Change		4.7%	-1.1%	2.1%	2.5%					

Hospital Outpatient Drilldown

High-Tech Imaging



Observations

- High-Tech Imaging is 3.5% of OE outpatient cost and 3.1% of PE outpatient cost
- For both PE and OE, the PMPM cost of nuclear medicine increased by over 6% while utilization decreased
- PET and CT scan PMPM cost increased by nearly 5% and 9% for PE

Hospital outpatient drilldown

High-Tech Imaging (Continued)

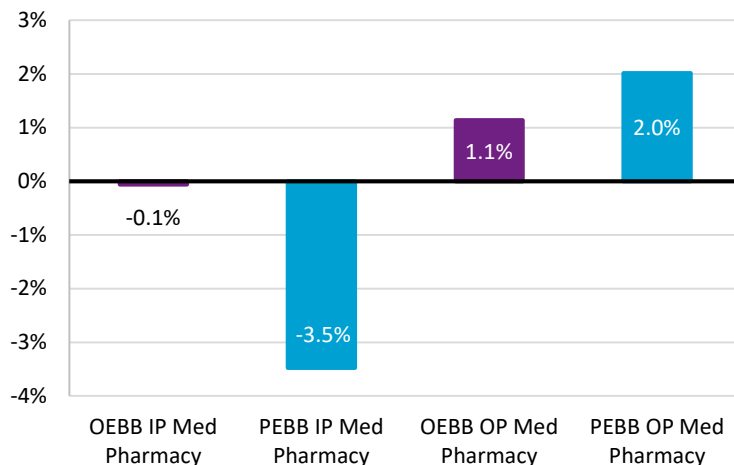
OEBB	2018 Allowed	PMPM	Srvcs	Srvs / 1,000	Cost / Service	2017 Allowed	PMPM	Srvcs	Srvs / 1,000	Cost / Service
OP MRI	\$8,216,218	\$4.39	11,591	74.3	\$708.84	\$8,037,320	\$4.37	11,380	74.2	\$706.27
YOY Change		0.4%		0.1%	0.4%					
OP CT Scans	\$5,413,122	\$2.89	9,655	61.9	\$560.65	\$5,282,695	\$2.87	9,278	60.5	\$569.38
YOY Change		0.7%		2.3%	-1.5%					
OP Nuclear Medicine	\$1,987,774	\$1.06	2,984	19.1	\$666.14	\$1,838,458	\$1.00	2,942	19.2	\$624.90
YOY Change		6.2%		-0.3%	6.6%					
OP PET Scans	\$1,032,064	\$0.55	408	2.6	\$2,529.57	\$999,891	\$0.54	395	2.6	\$2,531.37
YOY Change		1.4%		1.5%	-0.1%					

PEBB	2018 Allowed	PMPM	Srvcs	Srvs / 1,000	Cost / Service	2017 Allowed	PMPM	Srvcs	Srvs / 1,000	Cost / Service
OP MRI	\$9,159,356	\$5.65	13,815	102.3	\$663.00	\$8,749,860	\$5.38	13,204	97.5	\$662.67
YOY Change		5.0%		4.9%	0.1%					
OP CT Scans	\$5,631,094	\$3.47	10,796	79.9	\$521.59	\$5,392,336	\$3.32	10,061	74.3	\$535.96
YOY Change		4.7%		7.6%	-2.7%					
OP Nuclear Medicine	\$2,223,955	\$1.37	3,659	27.1	\$607.80	\$2,050,010	\$1.26	3,593	26.5	\$570.56
YOY Change		8.8%		2.1%	6.5%					
OP PET Scans	\$887,136	\$0.55	385	2.9	\$2,304.25	\$835,685	\$0.51	369	2.7	\$2,264.73
YOY Change		6.4%		4.6%	1.7%					

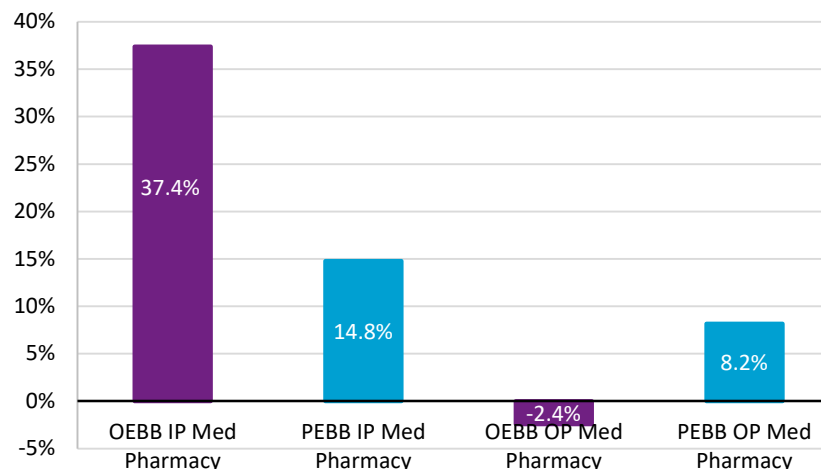
Hospital Outpatient Drilldown

Pharmacy — Through Medical Benefit Including Specialty

Change in admits / visits per 1,000



Change in cost per admit / visit



Observations

- Drugs through the medical benefit make up about 11% of outpatient cost for both OEBB and PEBB
- PMPM cost and utilization for outpatient drugs through the medical benefit have increased slightly for both OEBB and PEBB

Hospital Outpatient Drilldown

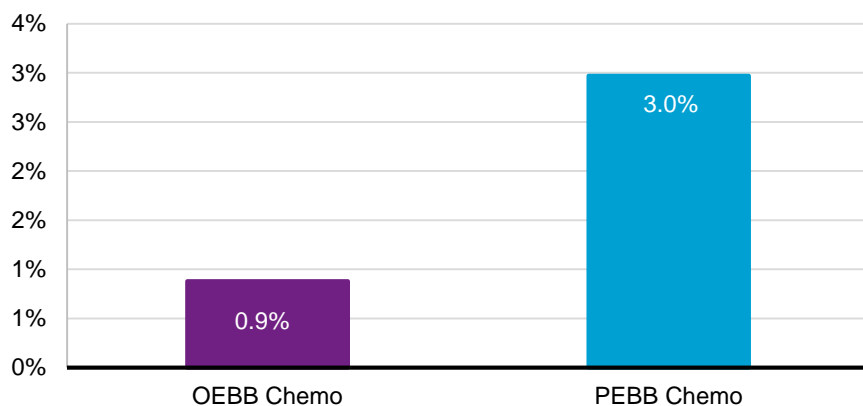
Pharmacy — Through Medical Benefit Including Specialty (Continued)

OEBB	2018 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)	2017 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1000	\$\$ / Admit (Visit)
IP Pharmacy	\$4,746,892	\$2.53	7,491	48.0	\$634	\$3,397,284	\$1.85	7,365	48.0	\$461
YOY Change		37.3%	1.7%	-0.1%	37.4%					
OP Pharmacy	\$52,368,211	\$27.96	24,640	157.9	\$2,125	\$52,140,282	\$28.33	23,939	156.1	\$2,178
YOY Change		-1.3%	2.9%	1.1%	-2.4%					
PEBB	2018 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visits)	2017 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1000	\$\$ / Admit (Visit)
IP Pharmacy	\$16,157,967	\$9.97	6,917	51.2	\$2,336	\$14,621,729	\$9.00	7,185	53.1	\$2,035
YOY Change		10.8%	-3.7%	-3.5%	14.8%					
OP Pharmacy	\$63,581,695	\$39.23	28,698	212.5	\$2,216	\$57,767,556	\$35.55	28,206	208.3	\$2,048
YOY Change		10.4%	1.7%	2.0%	8.2%					

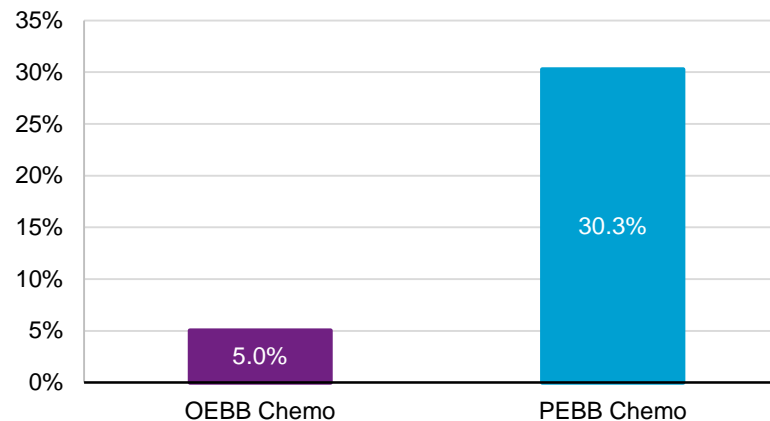
Hospital Outpatient Drilldown

Chemo Specialty — Through Medical Benefit

Change in admits / visits per 1,000



Change in cost per admit / visit



Observations

- The majority of chemo specialty drugs in the medical benefit is in the outpatient setting
- PEBB cost PMPM has increased more than for OEBB

Hospital Outpatient Drilldown

Chemo Specialty Drugs — Through Medical Benefit (Continued)

OEBB	2018 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)	2017 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)
Chemo — Med Pharmacy	\$23,432,717	\$12.5	4,584	29.4	\$5,112	\$21,733,308	\$11.8	4,465	29.1	\$4,868
YOY Change		5.9%	2.7%	0.9%	5.0%					
PEBB	2018 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)	2017 Allowed	PMPM	Admits/ Visits	Admits (Visits)/ 1,000	\$\$ / Admit (Visit)
Chemo — Med Pharmacy	\$20,000,605	\$12.34	4570.0	33.8	\$4,376	\$14,947,728	\$9.20	4450.0	32.9	\$3,359
YOY Change		34.2%	2.7%	3.0%	30.3%					

Hospital Outpatient Drilldown

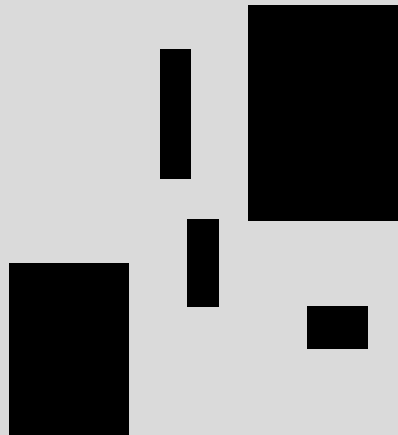
OP Procedures — Combined OEGB / PEBB

OEGB and PEBB Combined	PMPM YOY	2018 Allowed	PMPM	Visits	Visits /1,000	\$\$ / Visit	2017 Allowed	PMPM	Visits	Visits /1,000	\$\$ / Visit
Other major musculoskeletal surgery	16.9%	\$24,196,973	\$7.02	2,948	10.3	\$8,207.93	\$20,810,113	\$6.01	2,719	9.4	\$7,653.59
Major female genital procedures	8.0%	\$14,549,684	\$4.22	1,347	4.7	\$10,801.55	\$13,541,674	\$3.91	1,253	4.3	\$10,807.40
Other major digestive procedures	10.4%	\$12,758,942	\$3.70	2,069	7.2	\$6,166.72	\$11,619,909	\$3.35	1,890	6.5	\$6,148.10
Other major cardiovascular procedures	-7.1%	\$12,509,983	\$3.63	903	3.1	\$13,853.80	\$13,538,494	\$3.91	966	3.3	\$14,015.00
Colonoscopy	6.7%	\$8,909,845	\$2.58	3,887	13.5	\$2,292.22	\$8,390,491	\$2.42	3,928	13.6	\$2,136.07
Specialty drugs other than chemotherapy	-2.0%	\$4,651,860	\$1.35	372	1.3	\$12,505.00	\$4,769,482	\$1.38	402	1.4	\$11,864.38
Major nervous system procedures	-11.6%	\$4,098,559	\$1.19	398	1.4	\$10,297.89	\$4,662,534	\$1.35	411	1.4	\$11,344.36
Transurethral surgery	3.5%	\$3,870,442	\$1.12	560	1.9	\$6,911.50	\$3,760,538	\$1.09	555	1.9	\$6,775.74
Other major breast surgery	7.3%	\$3,806,533	\$1.10	347	1.2	\$10,969.84	\$3,567,612	\$1.03	350	1.2	\$10,193.18
Upper GI endoscopy	4.1%	\$3,344,110	\$0.97	1,663	5.8	\$2,010.89	\$3,229,362	\$0.93	1,682	5.8	\$1,919.95

Observations

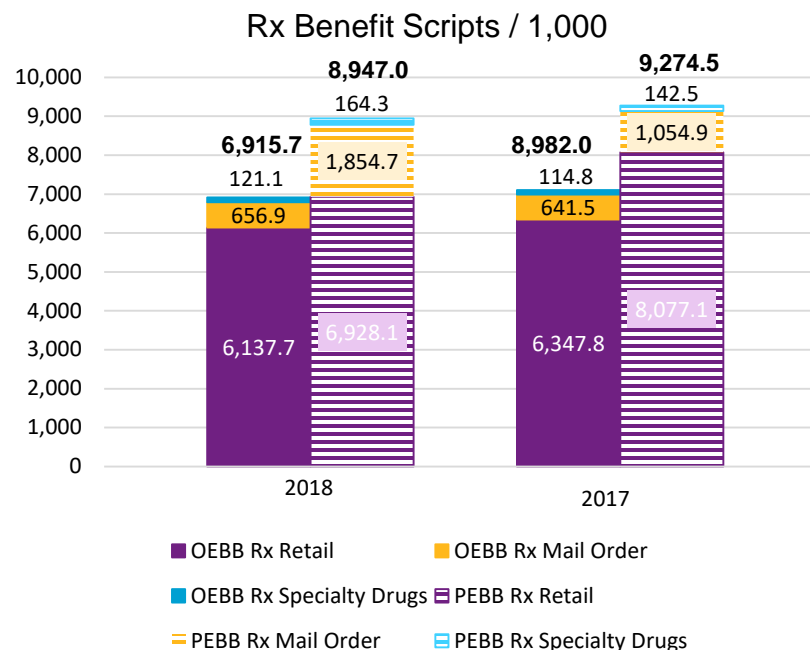
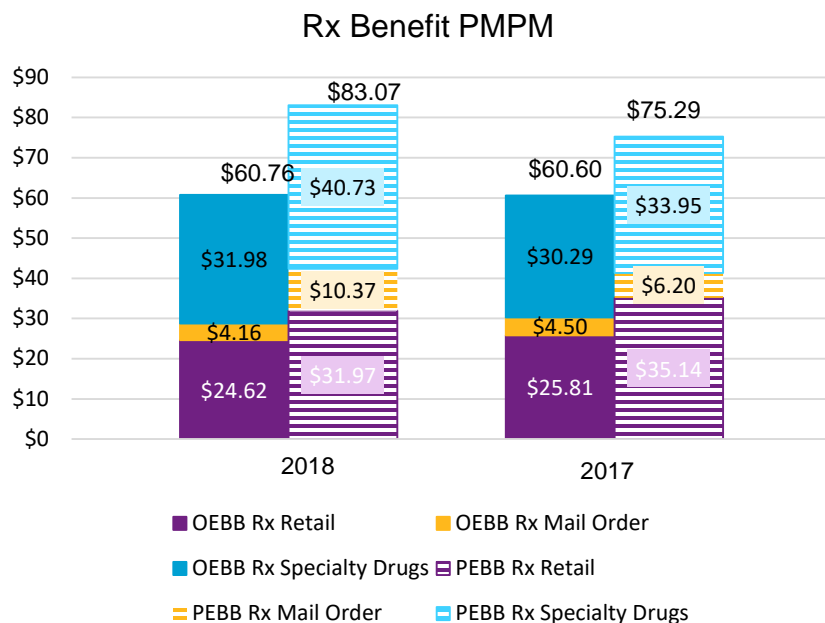
- OP facility procedure cost is 17.7% of OEGB total outpatient cost and 16.0% of PEBB outpatient cost
- The top procedures for both PEBB and OEGB have significant overlap
- Highest cost increases in PMPM amounts were in the musculoskeletal (driven by cost per visit), female genital procedures (driven by volume of services) and major digestive procedures (driven by cost and volume of services)

Prescription Drug Review



Pharmacy Analysis

Drugs in Rx Benefit

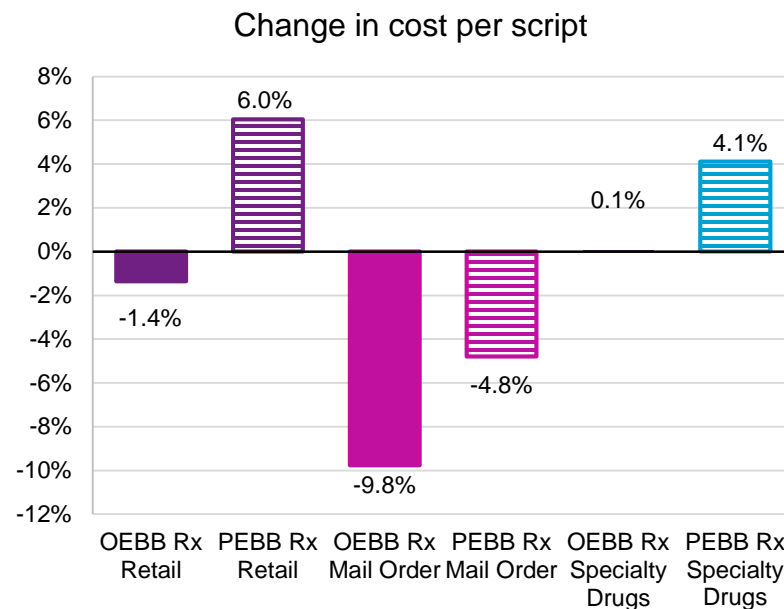
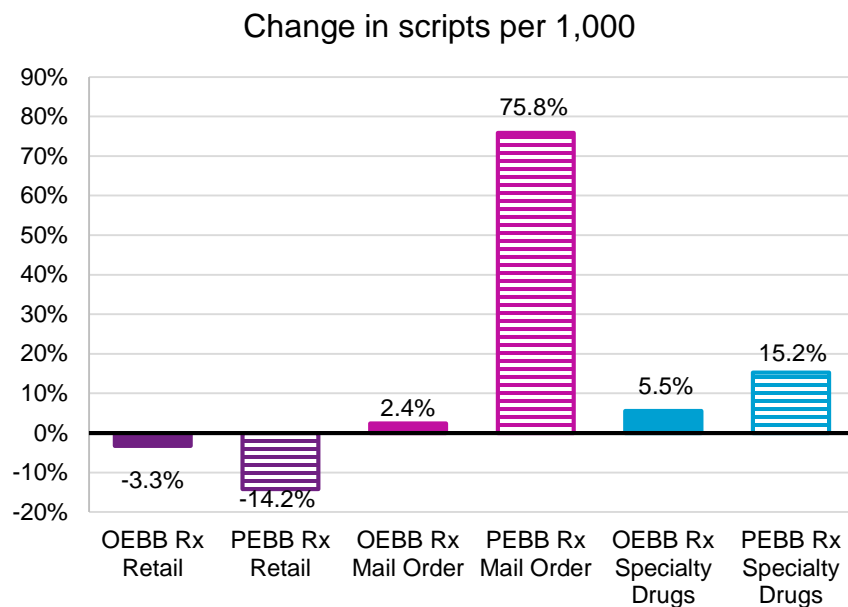


Observations

- OEBB total pharmacy PMPM cost is nearly flat while PEBB PMPM cost has increased 10%
- PEBB mail order utilization is significantly greater than OEBB
- Specialty pharmacy spend has increased significantly more for OEBB than for PEBB

Pharmacy Analysis

Drugs in Rx Benefit (Continued)



Observations

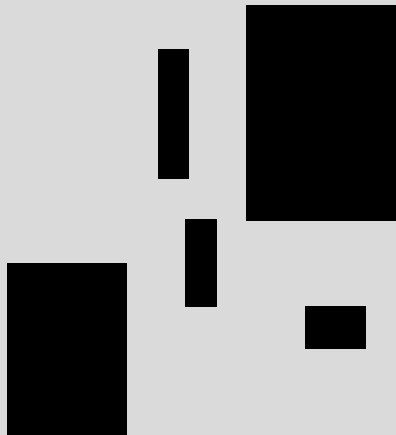
- OEGB total pharmacy PMPM cost is nearly flat while PEBB PMPM cost has increased 10%
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Pharmacy Analysis

Drugs in Rx Benefit

OEBB	2018 Allowed	PMPM	Scripts	Scripts / 1,000	\$ / Script	2017 Allowed	PMPM	Scripts	Scripts / 1,000	\$\$ / Script
Retail	\$46,110,069	\$24.62	957,981	6,137.7	\$48.13	\$47,504,428	\$25.81	973,516	6,347.8	\$48.80
YOY change		-4.6%	-1.6%	-3.3%	-1.4%					
Mail Order	\$7,784,808	\$4.16	102,532	656.9	\$75.93	\$8,277,450	\$4.50	98,378	641.5	\$84.14
YOY change		-7.6%	4.2%	2.4%	-9.8%					
Specialty	\$59,899,347	\$31.98	18,905	121.1	\$3,168.44	\$55,737,207	\$30.29	17,606	114.8	\$3,165.81
YOY change		5.6%	7.4%	5.5%	0.1%					
Total	\$113,794,224	\$60.76	1,079,418	6,915.7	\$105.42	\$111,519,085	\$60.60	1,089,500	7,104.0	\$102.36
YOY change		0.3%	-0.9%	-2.7%	3.0%					
PEBB	2018 Allowed	PMPM	Scripts	Scripts / 1,000	\$ / Script	2017 Allowed	PMPM	Scripts	Scripts / 1,000	\$\$ / Script
Retail	\$51,810,142	\$31.97	935,770	6,928.1	\$55.37	\$57,112,053	\$35.14	1,093,855	8,077.1	\$52.21
YOY change		-9.0%	-14.5%	-14.2%	6.0%					
Mail Order	\$16,812,162	\$10.37	250,508	1,854.7	\$67.11	\$10,070,319	\$6.20	142,859	1,054.9	\$70.49
YOY change		67.4%	75.4%	75.8%	-4.8%					
Specialty	\$66,022,321	\$40.73	22,187	164.3	\$2,975.72	\$55,171,343	\$33.95	19,304	142.5	\$2,858.03
YOY change		20.0%	14.9%	15.2%	4.1%					
Total	\$134,644,625	\$83.07	1,208,465	8,947.0	\$111.42	\$122,353,716	\$75.29	1,256,018	9,274.5	\$97.41
YOY change		10.3%	-3.8%	-3.5%	14.4%					

Spine and Back Review



Spine and Back

PEBB Only — Top 10 Agencies by Prevalence*

Rank	Agency	Patients per 1,000	Patients/1,000 above PEBB Average	Allowed per Patient	Admits per Patient
1	Eastern Oregon University	197.8	18.9%	\$4,582	0.024
2	Department of Environmental Quality	195.2	17.3%	\$2,645	0.004
3	Department of Corrections	193.5	16.2%	\$3,695	0.020
4	Judges	193.5	16.2%	\$3,663	0.018
5	Oregon Corrections Enterprise	191.1	14.9%	\$1,395	0.000
6	Oregon Department of Transportation	182.5	9.6%	\$3,900	0.023
7	Division of State Lands	180.1	8.2%	\$2,089	0.000
8	Consumer and Business Services	179.0	7.5%	\$2,373	0.011
9	Employment Department	177.4	6.6%	\$2,665	0.014
10	Oregon State Lottery	176.5	6.1%	\$5,939	0.047

* Excludes Kaiser

Spine and Back

PEBB Only — Top 10 Agencies by Size*

Rank	Agency	Patients per 1,000	Patients/1,000 above PEBB Average	Allowed per Patient	Admits per Patient
1	Department of Human Services	157.9	-5.1%	\$2,964	0.015
2	Oregon State University	148.7	-10.6%	\$2,321	0.007
3	Department of Corrections	193.5	16.2%	\$3,695	0.020
4	University of Oregon	163.8	-1.5%	\$2,275	0.003
5	Oregon Department of Transportation	182.5	9.6%	\$3,900	0.023
6	Oregon Health Authority	162.6	-2.3%	\$2,896	0.015
7	Portland State University	164.8	-1.0%	\$2,314	0.010
8	Oregon State Police	171.0	2.7%	\$2,621	0.014
9	Judicial Department	171.3	2.9%	\$2,879	0.011
10	Department of Justice	162.2	-2.5%	\$3,334	0.016

* Excludes Kaiser

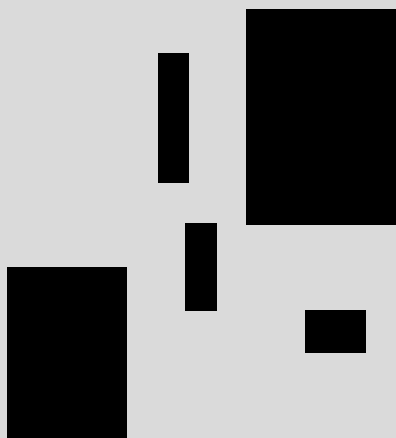
Spend Stratification



Member Stratification by Cost

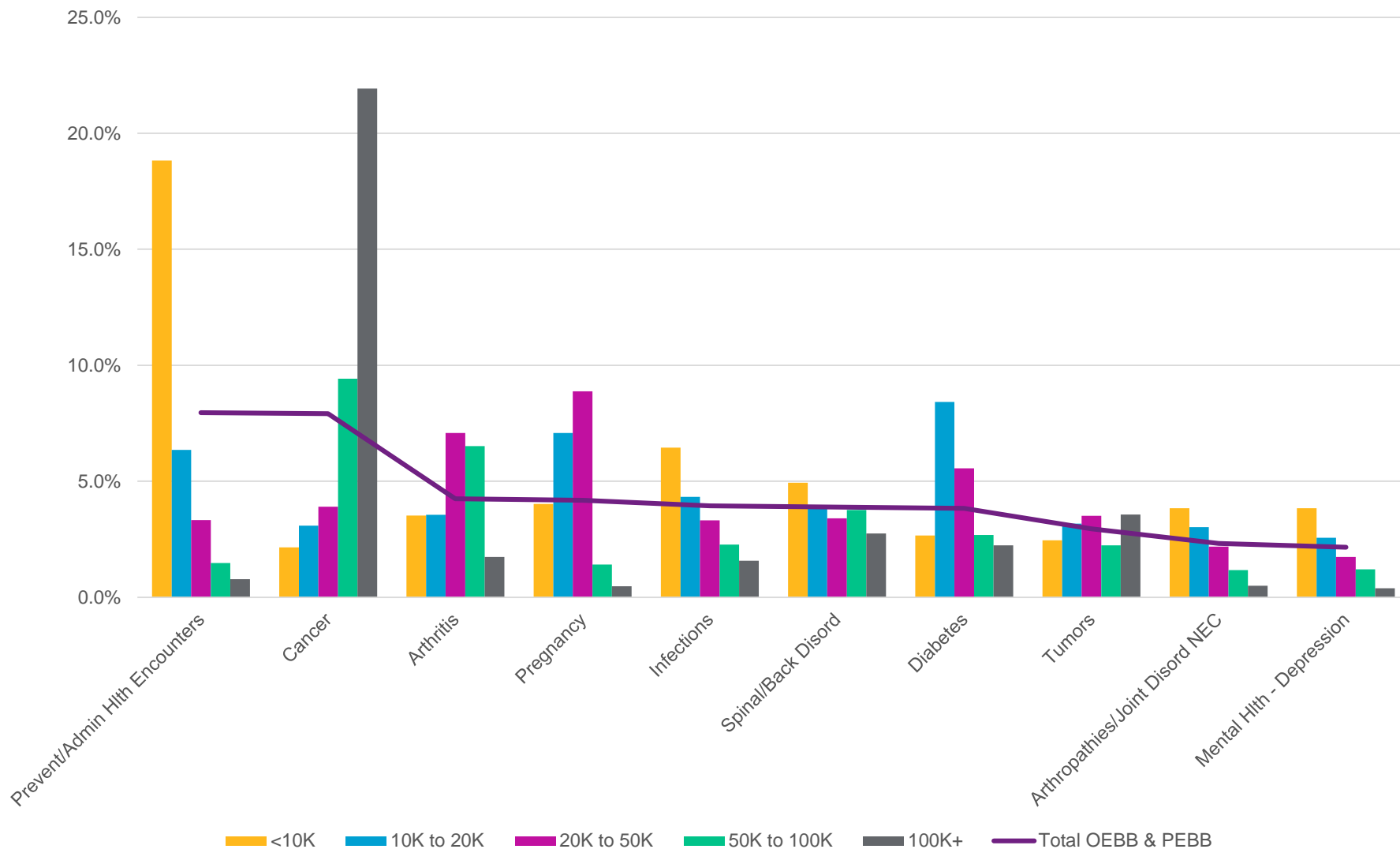
Cost Bracket	Avg Member Age	Allowed PMPM	ER/ 1,000	Admits/ 1,000	ALOS	Scripts/ 1,000	Specialty/ 1,000
Total OEBB PEBB	34.6	\$516	177.6	46.2	4.0	8,655	155
10k to 20k	43.5	\$1,325	577.8	145.8	2.7	23,411	471
20k to 50k	44.0	\$2,812	824.1	413.7	3.3	26,217	942
50k to 100k	48.8	\$6,172	1,088.8	636.6	4.3	34,806	3,245
OEBB — 20k to 50k	44.6	\$2,713	785.1	419.6	3.2	24,443	869
PEBB — 20k to 50k	43.3	\$2,909	862.1	407.9	3.4	27,943	1,013

Top Conditions by Spend



Spend by Top 10 Conditions

Combined OEGB and PEBB



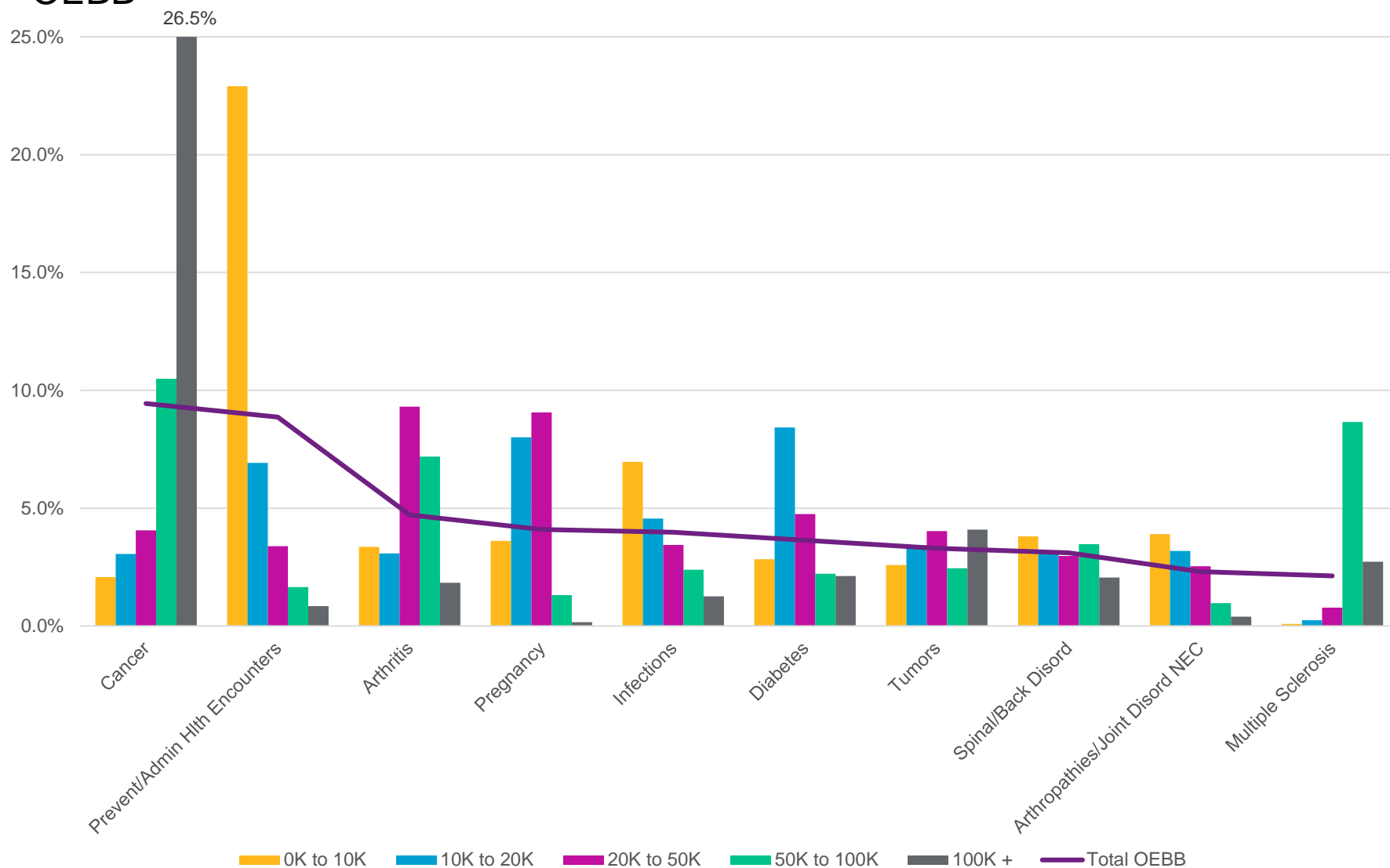
Top Conditions by Member Spend

Combined OEBB and PEBB

Rank	Total OEBB and PEBB	<\$10k	\$10k to \$20k	\$20k to \$50k	\$50k to \$100k	\$100k+
1	Prevent/Admin Hlth Encounters	Prevent/Admin Hlth Encounters	Diabetes	Pregnancy	Cancer	Cancer
2	Cancer	Infections	Pregnancy	Arthritis	Multiple Sclerosis	Coronary Artery Disease
3	Arthritis	Spinal/Back Disord	Prevent/Admin Hlth Encounters	Diabetes	Arthritis	Tumors
4	Pregnancy	Pregnancy	Infections	Cancer	Rheumatoid Arthritis	Neurological Disorders, NEC
5	Infections	Arthropathies/Joint Disord NEC	Spinal/Back Disord	Tumors	Crohns Disease	Cardiovasc Disord
6	Spinal/Back Disord	Mental Hlth - Depression	Arthritis	Spinal/Back Disord	Spinal/Back Disord	Condition Rel to Tx
7	Diabetes	Arthritis	Tumors	Prevent/Admin Hlth Encounters	Skin Disorders	Renal Function Failure
8	Tumors	Diabetes	Cancer	Infections	Coronary Artery Disease	Chemotherapy Encounters
9	Arthropathies/Joint Disord NEC	Tumors	Arthropathies/Joint Disord NEC	Fracture/Disloc	Cardiac Arrhythmias	Spinal/Back Disord
10	Mental Hlth - Depression	Infec/Inflam - Skin/Subcu Tiss	Mental Hlth - Depression	Cholecystitis/Cholelithiasis	Diabetes	Cerebrovascular Disease

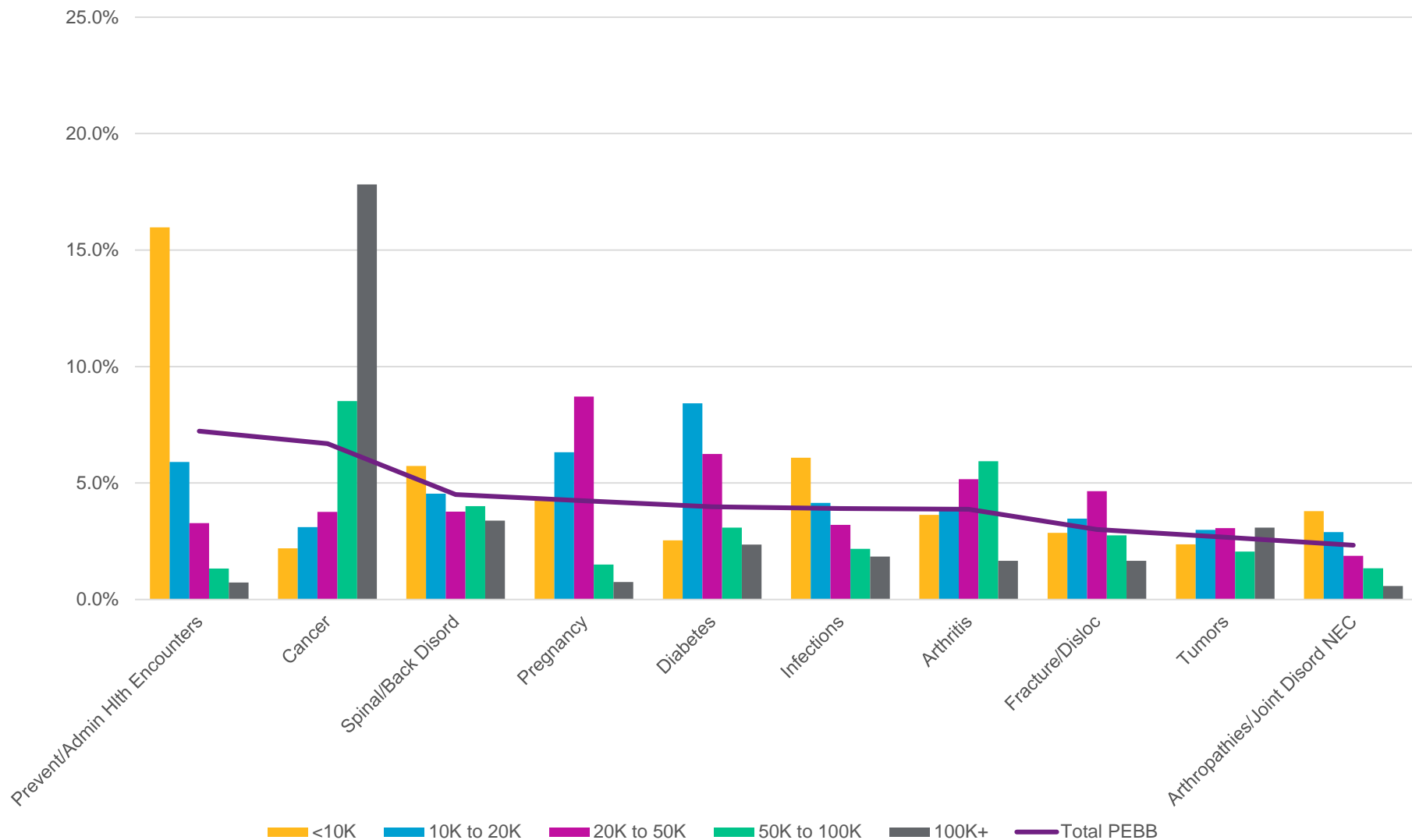
Spend by Top 10 Conditions

OEBB



Spend by Top 10 Conditions

PEBB



Top Conditions by Member Spend

Focus on \$20k to \$50k in Spend

Rank	Total OEBB and PEBB	Total OEBB	OEBB \$20k to \$50k	Total PEBB	PEBB \$20k to \$50k
1	Prevent/Admin Hlth Encounters	Cancer	Arthritis	Prevent/Admin Hlth Encounters	Pregnancy
2	Cancer	Prevent/Admin Hlth Encounters	Pregnancy	Cancer	Diabetes
3	Arthritis	Arthritis	Diabetes	Spinal/Back Disord	Arthritis
4	Pregnancy	Pregnancy	Cancer	Pregnancy	Fracture/Disloc
5	Infections	Infections	Tumors	Diabetes	Spinal/Back Disord
6	Spinal/Back Disord	Diabetes	Infections	Infections	Cancer
7	Diabetes	Tumors	Prevent/Admin Hlth Encounters	Arthritis	Prevent/Admin Hlth Encounters
8	Tumors	Spinal/Back Disord	Spinal/Back Disord	Fracture/Disloc	Infections
9	Arthropathies/Joint Disord NEC	Arthropathies/Joint Disord NEC	Cholecystitis/Cholelithiasis	Tumors	Tumors
10	Mental Hlth - Depression	Multiple Sclerosis	Arthropathies/Joint Disord NEC	Arthropathies/Joint Disord NEC	Cholecystitis/Cholelithiasis

Next Steps



Next Steps

- Overall inpatient and outpatient: review facility costs for specific inpatient admissions and outpatient visits to see if this is an issue of service type, provider and/or geography
- Nuclear medicine: review specific providers and diagnoses to determine if unit cost increases are warranted
- Specialty drugs (including chemotherapy): review specific medications to look for cost savings opportunities such as going through the pharmacy benefit, moving procedures from the inpatient to the outpatient setting, or if there are significant cost variations for similar drugs
- Mail order pharmacy: consider whether there is an opportunity to encourage higher mail order use especially in the OEGBB population and whether this could result in cost savings
- Conditions: review potential cost savings opportunities at the provider level for musculoskeletal, female genital procedures and digestive procedures

OEBB-PEBB Innovation Workgroup Planning Session

Next?



Cost Drivers Redux

- Too many sick people?
- Providing excess or inefficient care to the sick?
- Prices too high for services provided?

OEBB / PEBB 5,000 ft view

- Number of Sick / Illness Burden – PEBB/OEBB are sicker than average groups, and PEBB is sicker than OEBB
 - Both programs have wellness programs in place
 - PMAC initiative is under way on PEBB side
 - Long term investments
 - Possibly “Bigger than PEBB/OEBB” societal issues
 - State employment may attract higher morbidity members (generous benefits)
- Not recommended for intense new IWG focus at this time
 - However IWG could assist if requested
- Continue to strive for best possible programs

OEBB / PEBB 5,000 ft view

- Services provided to the sick – PEBB/OEBB don't appear to be getting disproportionately more care than their level of illness would suggest
 - Risk scores explain much of the variation
 - PEBB may have somewhat higher use rates (and richer benefits)
 - APMs and VBP initiatives intend to change the market, incentives, and outcomes
 - This is already a significant focus of PEBB and OEBB with stated goals
 - We are on the continuum
 - Quality metrics are in place and evolving
- Existing efforts of PEBB and OEBB under OHA leadership should continue
 - IWG could assist as needed.

OEBB / PEBB 5,000 ft view

- Unit costs – Cost of services – PEBB/OEBB have seen costs and trends in Unit Costs as a continuous, conspicuous, adverse problem
 - External studies
 - IWG Cost Driver studies
 - Costs are High
 - Unit Cost trends are high
- Recommend this area for immediate focus
 - Short-term tactics
 - Expand research
 - Unit costs as key component and catalyst for changing the way health care is purchased
 - And integrate best practices for triple aim and VBP
 - Consider broader implications

Short Term Tactics

- Based on cost driver analysis
- Targeted at next year's renewal process
- Issues like
 - Chemo
 - Nuclear
 - Rx – chemo, facility administered, and specialty
 - Site neutral payments

Expand Research

- Take % of Medicare study beyond hospital
 - Primary care
 - Specialty care
 - Rx
 - Other (DME, PT, etc.)
- Consider % of Medicaid in same ways if possible
- General assessment and understanding of system-wide cost-shift

Design Strawman – reinvent purchasing model

- Fundamental redesign of “broader provider network” options
- Move toward setting prospective rates in equitable but constrained fashion
 - Tie in % of Medicare research and reference pricing concepts
- Best in class program incorporating VBP and APM components
 - Quality payment bonuses, population based payment budgets, site neutral payment, and others
- Allow redesigned network/payment methods to set cost and quality benchmark for more managed offerings.

Consider Implications

- Explore partnerships with other government purchasers and/or private purchasers
- Consider program design with respect to any new legislation (total cost of care)
- Prototype impacts of redesign if applied to other buyers and other markets