IW Attachment 2
March 21, 2019

Progress Update
Value Based Payments

OEBB and PEBB
Innovation Workgroup
3/21/2019

oebb

pebb
Public Employees' Benefit Board

Oregon Health Authority

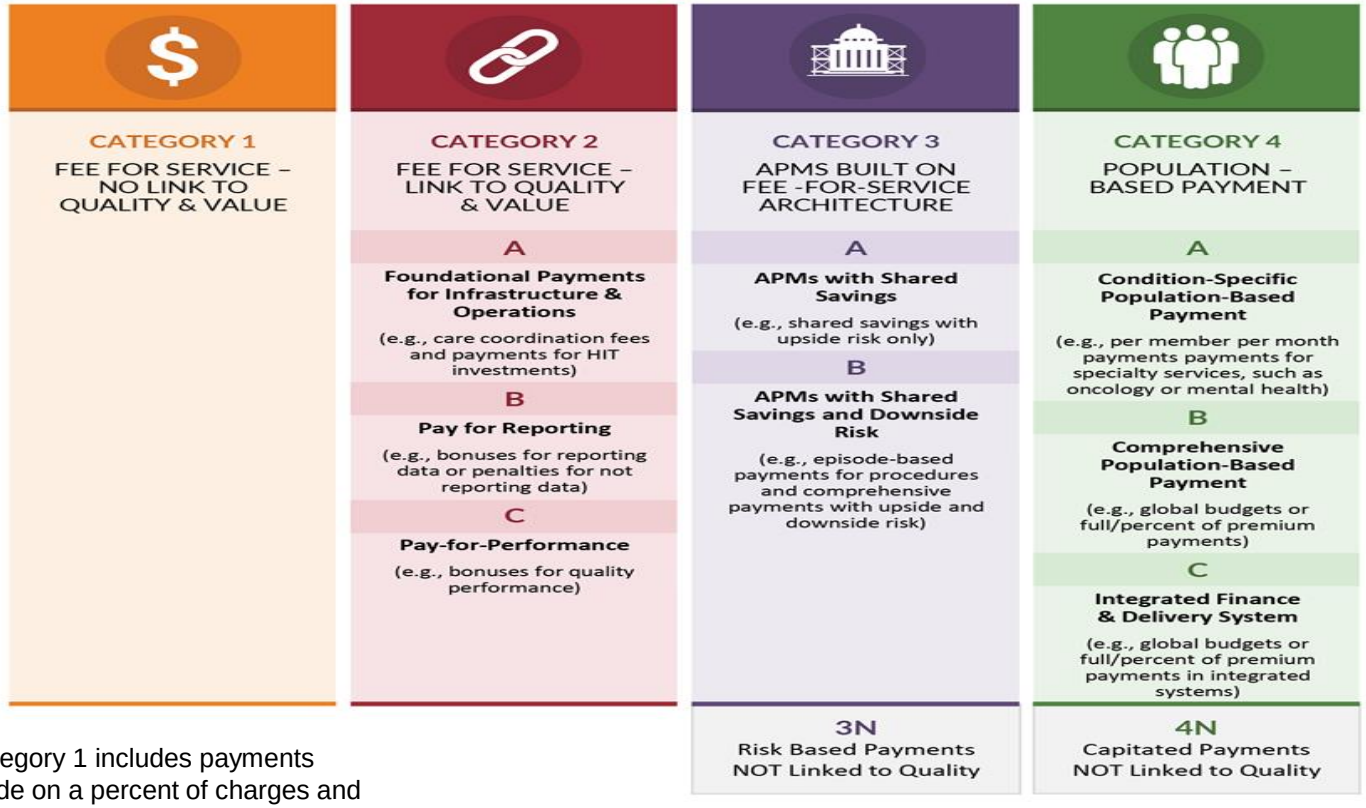
Today's Discussion

- Status update on PEBB and OEBB value-based payment baseline measurement and roadmap development

- Workgroup discussion and consensus on next steps to guide PEBB and OEBB VPB strategy

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.

Value Based Payment Models in Current Use

	OEBB	PEBB	CCO
Infrastructure Payments - care coordination fees, HIT investment payments	X	X	X
Infrastructure Payments – specifically for PCPCH	X	X	X
Pay for reporting	X	X	X
Pay for performance	X	X	X
Shared savings with upside risk	X	X	X
Shared savings with upside and downside risk (includes episode-based or bundled payments for procedures)	X	X	X
Condition-specific population based payment (prospective)			X
Comprehensive population based payment (prospective)	X	X	X
Integrated finance and delivery system (prospective)	X	X	X

Reference pricing is an alternative payment approach that has been adopted in some OEBB plans. Reference pricing approaches that establish a cap on the total amount paid for a procedure without shared risk or quality incentives represent an alternative payment approach, but don't demonstrate a link to improved value that is characteristic of value based payment approaches within the LAN framework.

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Value Based Payment Measurement

- The All Payer All Claims (APAC) database is being assessed as the common data source for value based payment reporting and future tracking
- APAC includes a data file, known as the Payment Arrangement File, which carriers submit annually to report their various provider payment arrangements, including value based payments
- Updates are being made to the 2019 Payment Arrangement File to better align the structure of data submitted with HCP LAN categories
- OHA plans to launch a workgroup this summer to refine the Payment Arrangement File for 2020 and beyond
  - This will likely be a time-intensive public process that aims to ensure data submitted meet the needs of the Legislature and Governor, seeks to reduce Mandatory Reporter's administrative burden, and serves as a framework for future data needs pertaining to APMs or VBPs

Value Based Payment Measurement

- OEBB and PEBB expect to actively engage in upcoming efforts to refine APAC's Payment Arrangement File for the future and develop ongoing reporting based on the data captured

- Qualitative information captured through structured interviews with carriers will likely be valuable to augment quantitative reporting (this will be part of CCO 2.0 reporting approach)

- In the interim PEBB and OEBB will need to identify a bridge strategy to establish carrier VBP baselines and roadmap targets

PEBB Preliminary VBP Levels

CATEGORY	SUB-CATEGORY	DESCRIPTION	PROVIDENCE	MODA	KAISER
Fee for Service – No link to quality & Value	1	n/a		$14,095,620 (32%)	$15,315,368 (11.2%)
Fee for Service – Link to quality & value	2A	Foundational payments for infrastructure & operations	$2,790,000 (0.5%)	$900 (0%)	
	2B	Pay for reporting			
	2C	Pay for performance	$23,550,000 (3.9%)		
APMs built on Fee-For-Service architecture	3A	APMs with shared savings	$20,550,000 (3.4%)	$1,236,308 (3%)	
	3B	APMs with shared savings and downside risk	$138,630,000 (22.8%)	$27,961,778 (63%)	
Population – based payment	4A	Condition-specific population-based payment	$20,000 (0.0%)	$959,588 (2%)	
	4B	Comprehensive Population-Based payment			
	4C	Integrated finance & delivery system			$121,611,968 (88.8%)
		Total	$185,540,000 (30.5%)	$44,254,194	$136,927,337

Reflects carrier self-reported data. Data is not from APAC Payment Arrangement File. See next slides for further details and caveats. OEBB preliminary VBP levels will be provided at a future meeting.

Summary table provided by Mercer.

PEBB Preliminary VBP Levels: What's Included

Category	Sub-Category	Providence	Moda	Kaiser
Fee for Service – No link to quality & Value	1			Contracted hospitals / facilities
Fee for Service – Link to quality & value	2A	CPC+ PCPCH Cap	PCPs not participating in the Synergy/Summit shared savings model, but receiving PCPCH capitation (e.g. payments for Connexus members in the C3 program)	
	2B			
	2C	Pay-for-performance		
APMs built on Fee-For-Service architecture	3A	PMG total cost of care	CPC+ Track 1 Providers CPC+ Track 2 providers not participating in the APM portion of the Track 2 model Synergy/Summit PCP providers participating in shared savings, without co-owned specialty practices or facilities (e.g. hospitals)	
	3B	3.4% target	Multi-specialty clinics and hospitals participating in the Synergy/Summit shared risk / shared savings model	
Population – based payment	4A	Joint bundle	CPC+ Track 2 providers participating in the APM portion of the Track 2 model	
	4B			
	4C			
Data Based on:		January – September 2018, annualized	Incurred in 2018; paid through December 2018	2017

Summary table provided by Mercer. Data self-reported by carriers.
These data are not from the APAC Payment Arrangement File

PEBB Preliminary VBP Levels: Additional Caveats

- **Providence:**
  - The percentages shown are representative of the percentage of payments that fall into LAN categories out of the entire medical, Rx, and Behavioral Health paid amounts
- **Moda:**
  - If a provider contract contains multiple elements that fall into different categories, all dollars are assigned to the highest payment category
  - In cases where a health system has multiple TINs, the dollars may be allocated to different categories by TIN (for example, OHSU has separate TINs for its hospital services and physician services)
    - As payment models evolve and as more experience is gained with categorizing dollars, Moda may decide to alter their allocation decisions
  - Dollars were categorized according to the contract terms of the entity billing the claim
    - For example, Moda's primary care physicians, specialists, and hospitals are held financially accountable for pharmacy costs; however, Moda's interpretation of the LAN framework is that actual pharmacy claims are fee-for-service that fall into Category 1 since the pharmacy billing the claims does not have any APM in its contract that bears no risk over quality and utilization

CCO 2.0 VBP Targets

- OHA has established annual targets (2020-2024) for the percentage of CCO's payments to providers that must be in the form of a VBP and fall within LAN Category 2C (Pay for Performance) or higher.

- Currently OHA estimates that approximately 40-50% of CCOs' total payments to their contracted providers are VBPs in LAN category 2C or higher. This reflects an aggregate estimated percentage for all CCOs combined.

- For 2023 and 2024 OHA has established further targets for the percentage of CCO's Value-Based Payments to providers that must fall into higher LAN categories, specifically LAN 3B (Shared Savings and Downside Risk) or higher.

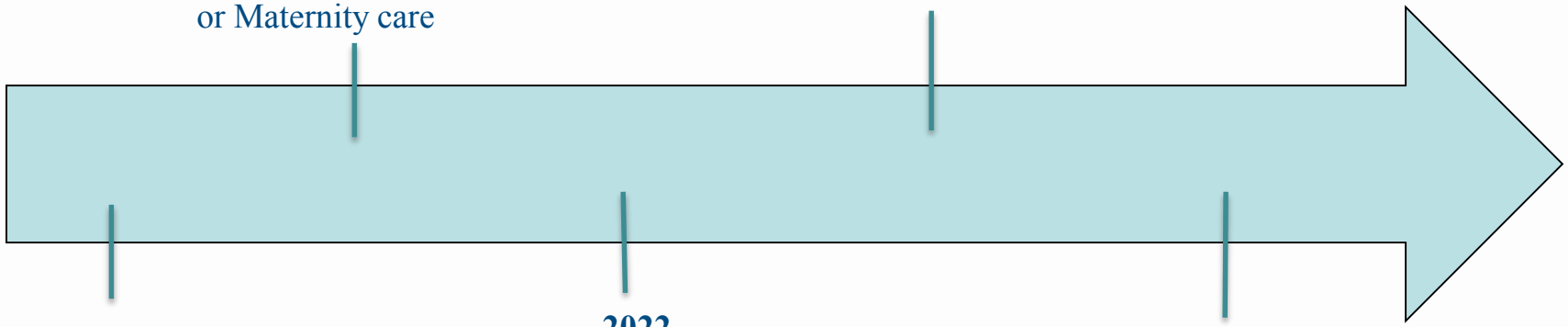
CCO 2.0 VBP Key Care Delivery Areas

Beginning January 2021, CCOs are required to implement VBPs in key care delivery focus areas:

- Flexibility of VBP models, design and size (i.e., no spend or population size requirement) but must be LAN category 2C or higher
- Uses VBP as a lever to advance OHA goals
- Two care delivery areas may be combined in a VBP model
- Hospital and maternity care VBP required to be in place by 2022

Care Delivery Area	Rational for focus
Hospital care	High-cost; minimal CCO VBP experience
Maternity care	Governor's priority; major area of spending; upstream
Children's health care	Governor's priority; widespread public support
Behavioral health care	CCO 2.0 priority; VBP can promote integration
Oral health care	Foundational to CCO model; VBP can promote integration

CCO 2.0 VBP Targets & Timeline



2020

- 20% VBP LAN 2C or higher

2021

- 35% VBP LAN 2C or higher
- CCO shall implement 2 new or expanded VPBs in care delivery focus areas
- One must be either Hospital or Maternity care

2022

- 50% VPB LAN 2C or higher
- CCO shall implement a new VBP in one care delivery area
- New VBPs implemented in both Hospital and Maternity

2023

- 60% VBP LAN 2C or higher
- No less than 20% are required to be LAN 3B or higher
- One new VBP implemented in care delivery focus area

2024

- 70% VBP LAN 2C or higher
- No less than 25% are required to be LAN 3B or higher
- New or expanded VBPs in all 5 care delivery areas implemented

CCO 2.0 RFA Timeline

Event	Date
RFA Released	25-Jan-19
Letter of Intent Due	1-Feb-19
Questions / Requests for Clarification Due	4-Feb-19
Letters of Intent Publicly Posted	5-Feb-19
RFA Protest Period Ends	5-Feb-19
Letter of Intent to Apply – Change Requests Due	15-Feb-19
Answers to Questions / Requests for Clarification Issued	13-Mar-19
Pre-Application Conference	22-Mar-19
Technical Assistance Forums	Announced via Addendum
Closing (Application Due)	See RFA cover page (April 22, 2019)
Announcement of Applications Received	25-Apr-19
Required Applicant Conference	30-May-19
Notice of Intent to Award	9-Jul-19
Award Protest Period Ends	7 days after Notice of Intent to Award has been issued.
Readiness Review Documentation Due	1-Aug-19
2019 Rates Updated	15-Sep-19
Readiness Review and Contract Negotiations Completed	27-Sep-19
CCO 2.0 Contracts Signed	30-Sep-19
Notice to Proceed	1-Oct-19
Member Allocation	October 1 to November 29, 2019
CCO 2.0 Contracts Effective	1-Jan-20

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Next Steps for Discussion

- Further explore capturing current VBP levels from OEBB and PEBB carriers to establish baseline, providing guidance to ensure data is consistently reported across carriers and plans
- This includes capturing information about how any planned network changes might impact current VBP levels
- Continue to engage in collaborative efforts to refine payment arrangement data captured in APAC and develop framework for future aligned reporting
- Consider VBP targets established in CCO 2.0 roadmap and further examine PEBB and OEBB cost drivers to inform priority areas of focus, with alignment to the fullest extent possible a key criterion to inform strategy

Thank You!

Questions? Please contact:

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