Oregon Value-Based Payment Compact

A statewide collaborative partnership for bending the cost curve

Oregon has long been a national leader in health system transformation, focused on creating a system for delivering affordable, high value coordinated quality care. In 2019, the legislature created the Sustainable Health Care Cost Growth Target Implementation Committee and charged it with identifying mechanisms to lower the growth of health care spending to a financially sustainable rate.

In October 2020, the Implementation Committee created a set of principles to increase the spread of value-based payment (VBP) models across the state as a strategy to improve quality and lower costs, and recommended that payers, providers, and other stakeholders across the state make a voluntary commitment, by signing a VBP Compact, to participate in and spread VBPs.

We, the undersigned, commit to making a good-faith effort to advancing value-based payment models in Oregon, in accordance with the following principles developed by the Sustainable Health Care Cost Growth Target Implementation Committee.

As signatories to this compact, we agree to commit and, where applicable, work to achieve the targets set forth in the principles for increasing the use of advanced VBP models. We agree OHA and OHLC should reconvene the signatories of this voluntary compact no later than fall 2022 to revisit this compact to ensure effectiveness in advancing payment reform and supporting cost containment efforts in Oregon.

This compact shall remain in effect until 12/31/24.

Ben Messner, Chief Executive Officer
Advanced Health

John J. Wagner, Chief Network and Operations Officer, West Territory/NW, Mountain and AZ Markets
Aetna, a CVS Health Company

Laura Stark, Senior Vice President of Operations
Alliance HealthCare Services

Doug Flow, Chief Executive Officer
AllCare Health

Scott Kelly, President and Chief Executive Officer
Asante

Eric C. Hunter, President and Chief Executive Officer
CareOregon
Columbia Pacific Coordinated Care Organization
Jackson Care Connect

Tayo Akins, Chief Executive Officer
Cascade Health Alliance

Ryan Kocher, Market President, Pacific Northwest
Cigna

Sean Jessup, Chief Executive Officer
Eastern Oregon Coordinated Care Organization

Christopher Hummer, Chief Executive Officer and Plan President
Health Net of Oregon
Trillium Community Health Plan

James Schroeder, Chief Executive Officer
Health Share of Oregon

Jeff Collins, Regional President
Kaiser Permanente Northwest

Kathryn Correia, President and Chief Executive Officer
Legacy Health System

William Johnson, President
Moda Health

Betsy Boyd-Flynn, Executive Director
Oregon Academy of Family Physicians

Becky Hultberg, President and Chief Executive Officer
Oregon Association of Hospitals and Health Systems

Andrew R. Stolfi, Director and Insurance Commissioner
Oregon Department of Consumer and Business Services

Geoff Brown, Chair
Oregon Educators Benefit Board

John G. Hunter, Chief Executive Officer
OHSU Health

Patrick M. Allen, Director
Oregon Health Authority

Bryan Boehringer, Chief Executive Officer and Executive Vice President
Oregon Medical Association

Joan Watson-Patko, Executive Director
Oregon Primary Care Association

Kenneth P. Provencher, President and Chief Executive Officer
PacificSource
PacificSource Health Plans
PacificSource Community Health Plans
PacificSource Community Solutions on behalf of
PacificSource Community Solutions – Central Oregon
PacificSource Community Solutions – Columbia River Gorge
PacificSource Community Solutions – Lane
PacificSource Community Solutions – Marion Polk

Amy Mulcaster, Chair
Portland Coordinated Care Association
The Portland Clinic
Northwest Primary Care
Compass Oncology

Lisa Vance, Chief Executive, Oregon Region
Providence Health and Services

Robert Gluckman, Chief Medical Officer
Providence Health Plan

Kimberly Hendricks, Chair
Public Employees' Benefit Board

Angela Dowling, President and Chief Revenue Officer
Regence BlueCross BlueShield of Oregon

Cheryl Nester Wolfe, President and Chief Executive Officer
Salem Health Hospitals and Clinics

Doug Boysen, Chair, Board of Directors
Samaritan Health Plans
Samaritan Health Services
Intercommunity Health Network Coordinated Care Organization

Richard L. Jamison, President
The Oregon Clinic

Lori James-Nielsen, President and Chief Executive Officer
Tuality Healthcare

Brent Eichman, Chief Executive Officer
Umpqua Health

Patricia Auerbach, Chief Medical Officer, Pacific Northwest States, Montana, Alaska, Hawaii
UnitedHealthcare

Seamus McCarthy, President and Chief Executive Officer
Yamhill Community Care

Principles

For the purposes of this document, "innovative payment models" are referred to as "advanced value-based payment models" and are defined to include HCP-LAN Categories 3A and higher.[1] This encompasses payment models with upside risk only, combined upside and downside risk, as well as prospective payment models. Prospective payment models include capitation, global budgets, prospective episode-based payment, and budget-based models with prospective payment and retrospective reconciliation.

These principles build on value-based payment (VBP) efforts for Coordinated Care Organizations and the Primary Care Payment Reform Collaborative.[2] Their intent is to align efforts across public and private initiatives and markets to the extent possible, including the self-insured market, bringing an aggressive focus on advanced value-based payment arrangements across the state.

1. All members of the Sustainable Health Care Cost Growth Target Implementation Committee, plus representatives of other larger insurer, purchaser and provider organizations in the state, should develop a voluntary compact to increase the use of advanced value-based payment models to Oregon's providers that commit the signatories to these principles and to concrete action steps to achieve these principles.

[1] For an explanation of the Health Care Payment Learning and Action Network's Alternative Payment Models (HCP-LAN) framework, including a description of its defined payment models, see https://hcp-lan.org/apm-refresh- white-paper/.

[2] While these principles are conceptually and directionally aligned with the CCO 2.0 VBP Roadmap and with recommendations from the Primary Care Payment Reform Collaborative, they do push Oregon payers and providers to adopt advanced VBP models more quickly. A CCO who signs the voluntary compact and works to meet the targets outlined in these principles will not be in conflict with their contractual requirements.

2. The fee-for-service payment system has fundamental flaws and has not led to sustainable costs or promotion of improved quality, outcomes, or health equity in the health system.

3. Providers, particularly those paid on a fee-for-service basis, face unique challenges due to the ongoing COVID-19 pandemic. Increasing the use of advanced value-based payment models will help stabilize Oregon's health system.

4. Advanced value-based payment models are a critical strategy to contain costs to meet the established health care cost growth target. The appropriate advanced value-based payment models may look different across the state, but implementation should be guided by these principles.

5. Prospective budget-based and quality-linked payment, where a provider is paid up front for a population of patients and a predefined set of services, should be the primary payment model utilized wherever feasible for the following reasons:

    a. It provides critical financial stability to providers, particularly for small, independent, and rural providers, through a consistent source of revenue, which is an important part of alleviating the most damaging economic consequences of the pandemic.
    b. It is supportive of the Cost Growth Target because it defines a budget for the care of a population of patients.
    c. It gives providers the flexibility to address the most critical health needs of their patients, including non-medical social supports that might improve health and save costs, rather than having to rely on reimbursable treatments.
    d. It allows for investment in a population of patients, and for flexibility in the type of provider delivering care and the type of care provided, which supports more holistic patient-centered care.

6. Prospective budget-based and quality-linked payments are not feasible today for all Oregon providers due to lack of experience with advanced value-based payment and/or small provider size. Therefore, where they are not feasible to implement for a given line of business or provider, advanced payments models that include both shared savings and downside risk should be utilized, consistent with the intent of moving towards prospective payment models. Where value-based payment models categorized as 3B and higher are not feasible, payers and providers should implement value-based payment models categorized as 3A.

7. Payers should have the following percentage of all their payments under **advanced value-based payment models** (3A and higher) in the following time periods:

    a. 35% by 2021[3]
    b. 50% by 2022
    c. 60% by 2023
    d. 70% by 2024

[3] While contracts for 2021 may have been signed, nothing precludes a payer from offering to renegotiate contracts to offer advanced value-based payment models.

8. Payers should have the following percentage of their payments to primary care practices and general acute care hospitals[4] made under advanced value-based payment models, (3B and higher) in the following time periods:

    a. 25% by 2022
    b. 50% by 2023
    c. 70% by 2024

9. Health plan enrollees should be encouraged or required to select a primary care provider, whether or not required by benefit design, to support advanced payment model effectiveness.

10. Small and safety net providers should be offered technical assistance by payers and/or by OHA's Transformation Center to set them up for success under advanced value-based payment models. Those with limited experience in value-based payment, such as behavioral health providers, should also be considered for technical assistance.

11. The structure of advanced value-based payment models should be aligned across payers to allow providers to have a sufficient volume of similar value-based arrangements to make meaningful change in their clinical practice and reduce administrative burden. Structural alignment should include but not be limited to the use of common performance measures.

12. Advanced value-based payment models should be designed with consideration of how to reduce excess capacity in the system, while recognizing reasonable health system overhead required to maintain flexible stand-by capacity. Implementation of value-based payment models should not be used to reduce wages of low-income healthcare workers.

13. Advanced value-based payment models should be designed and implemented with consideration for unintended consequences, including potential adverse impacts on health care quality.

14. Advanced value-based payments models should be designed to promote health equity, as well as to mitigate adverse impacts on populations experiencing health inequities by:

    a. employing payment model design features and measures to protect against stinting,
    b. ensuring prospective payments are sufficient to cover the cost of infrastructure changes to support health equity (e.g. traditional health workers, changes to IT systems to track equity),
    c. providing additional supports (e.g. technical assistance, infrastructure payments) for providers serving populations experiencing health inequities,
    d. ensuring new upside or downside risks will not exacerbate existing inequities, and
    e. ensuring providers serving populations experiencing health inequities who are at greater risk of closure due to COVID-19 remain open.

    Future efforts may also include adjusting payments based on social risk factors.

[4] Non-federal, non-specialty hospitals open to the general public providing broad acute care.

15. Implementation of advanced payment models should be accompanied by public transparency of price information, implemented through the Sustainable Health Care Cost Growth Target Data Use Strategy.

16. These principles represent the shared vision of the Implementation Committee as of October 2020. The passage of time and additional experience with advanced value-based payment implementation could inform future modifications to the targets herein. OHA should convene signers of the voluntary compact no later than fall 2022 to revisit these principles and the compact to ensure effectiveness in advancing payment reform and supporting reduced cost growth in Oregon.

References

HCP LAN framework:
https://hcp-lan.org/apm-refresh-white-paper/

CCO 2.0 VBP roadmap:
https://www.oregon.gov/oha/HPA/dsi-tc/Pages/Value-Based-Payment.aspx

Primary Care Payment Reform Collaborative:
https://www.oregon.gov/oha/HPA/dsi-tc/Pages/SB231-Primary-Care-Payment-Reform-Collaborative.aspx