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March 9, 2015

The Honorable Monnes Anderson
Chair, Senate Committee on Health Care
State Capitol
Salem, Oregon 97301

RE: Senate Bills 231 and 609, Increasing investment in primary care

Dear Senator Monnes Anderson and members of the committee:

Providence Health & Services and Providence Health Plan are strong proponents of the patient centered primary care home model (PCPCH) and support legislative efforts that make it a more sustainable endeavor for clinicians across the state. Our health plan was one of the first in the state to establish payment incentives for primary care homes and each of our 41 primary care clinics are certified by the state. All but two have achieved the highest level of certification, tier three.

In our experience, as both a payer and provider, we understand the complexity of developing a statewide multi-payer strategy recognizing PCPCH. It is unlikely a single solution exists and, regardless of the mechanism selected, this decision will have a dramatic impact on the entire health care system. For these reasons Providence strongly encourages an open, collaborative process informed by very clear statutory framework.

Based on the key concepts proposed in both SB 231 and SB 609, Providence would recommend that framework include the following:

Decision making body
In addition to the individuals and associations identified, the group should include a diverse constituency of individuals experienced with the medical home model and knowledgeable of health care quality performance. This may include frontline caregivers and operational experts with a broad understanding of primary care contracting and clinical business models.

Payer participation
Providence supports a model where payers are expected to participate based on type, similar to the provisions outlined in SB 609. We would recommend excluding payers that are not regulated as insurers in Oregon, including third party administrators that process benefits for payers that are regulated by federal and not state laws in most cases.

Implementation and adoption
The current timeline established in both bills is concerning because of the complexity of this issue. We would recommend not requiring adoption of a new primary are reimbursement model until Jan. 1, 2018.

Extending the effective date will also ensure a robust opportunity for collaboration, adequate public input and formal legislative approval prior to final adoption of this strategy in rule or as part of the insurance code.

Reimbursement methodology

We would recommend the development of reimbursement methods that allows payers and providers to adjust their contracts, and ultimately risk, based on the number of health plan members assigned to that primary care group or practice. Essentially a hybrid of the proposed bills to ensure the model is actuarially sound and financially viable for both payers and providers. Reasonable thresholds to consider include:

- Less than 1,000 plan members assigned – Adoption of innovation payment methodology or upside risk arrangements based on specific factors (tier, patient acuity, non-billable services, etc.)
- 1,000 to 5,000 plan members assigned - Adoption of pay for performance arrangement and/or primary care capitation.
- 5,000 or more plan members assigned – Adoption of a true alternative payment methodology or full global capitation arrangements.

Patient assignment process

The importance of a thorough, accurate patient assignment process is essential for executing this model. Allowing this to be the sole accountability of members, as proposed in SB 609, raises concerns. As such, Providence would recommend that patient assignment is thoughtfully worked through as part of the payment methodology, as proposed in SB 231.

The committee's consideration of these concepts is important for two very important reasons. First, it allows reasonable flexibility in contracting by requiring an investment in primary care medical home without sacrificing financial viability. Secondly, it reduces the risk that additional investment will jeopardize Oregon's effort to maintain a sustainable fixed rate of growth.

Providence appreciates your consideration and the opportunity to provide input on SB 231 and SB 609.

Sincerely,

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