Public Employees' Benefit Board Oregon Educators Benefit Board

Presented to Joint Committee on Ways and Means Subcommittee on Human Services April 8, 2019

Shaun Parkman, Chairman, PEBB Board Geoff Brown, Chairman, OEBB Board Ali Hassoun, PEBB and OEBB Director



Exploring PEBB and OEBB Strategic Direction on Cost Containment Initiatives, Innovation, and How the Boards Plan to Meet the 3.4% Test



Joint Direction and Initiatives The 3.4% Challenge Strategies and Successes PEBB Future Visioning OEBB Future Visioning



The Triple Aim for Health Care





PEBB and OEBB Alignment with CCO 2.0

CCO 2.0 Goals

- Increase value based payment
- Support the Triple Aim
- Reward providers' delivery of patient-centered, high-quality care
- Ensure health disparities and members with complex needs are considered
- Align payment reforms with state and federal efforts, where appropriate, for maximum impact and to streamline implementation for providers
- Reward CCO and provider performance



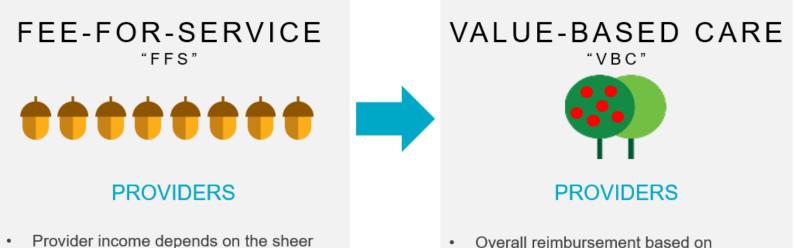
PEBB and OEBB Alignment with CCO 2.0

CCO 2.0 Strategies

- Pay for outcome and value
- Shift focus upstream
- Improve health equity
- Increase access to healthcare
- Enhance care coordination
- Engage stakeholders and community partners
- Measure progress



Migration From Fee-For-Service to Value-Based Care

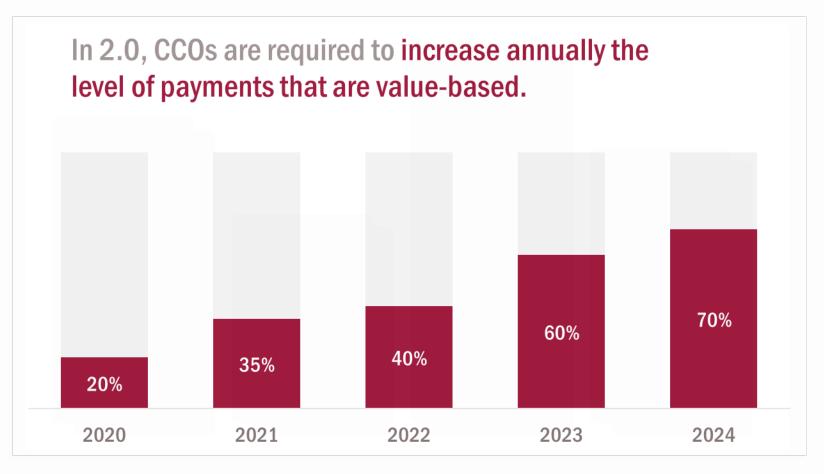


- Provider income depends on the sheer volume of services/procedures provided
- No income for the provider if the patient doesn't have a visit or procedure
- No income for the provider for taking the time, outside of an office visit, to coordinate care and influence outcomes

- Overall reimbursement based on managing within a benefit, meeting or exceeding quality targets, and improving patient engagement and activation
- Less income to the provider if the patient has procedures or visits they don't need
- More income for the provider for taking the time to coordinate care and influence outcomes even outside of an office visit setting



PEBB and OEBB are Making the Move to Value-Based Payments a Priority





Progress Report: Current Value Based Payment Models in Use

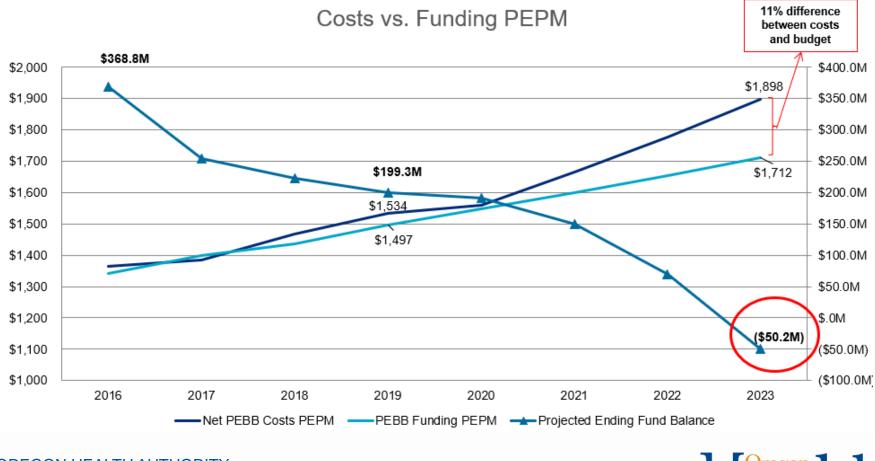
	OEBB	PEBB	CCO
Infrastructure Payments - care coordination fees, HIT investment payments	Х	Х	Х
Infrastructure Payments – specifically for PCPCH	Х	Х	Х
Pay for reporting	Х	Х	Х
Pay for performance	Х	Х	Х
Shared savings with upside risk	Х	Х	Х
Shared savings with upside and downside risk (includes episode-based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



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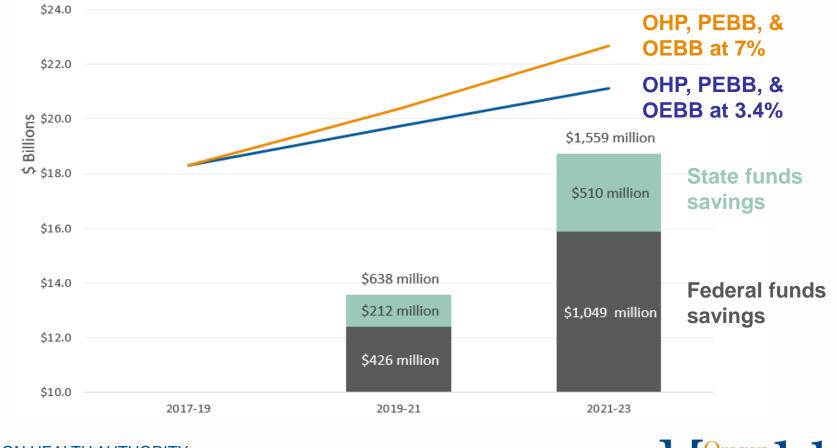
The 3.4% Challenge...



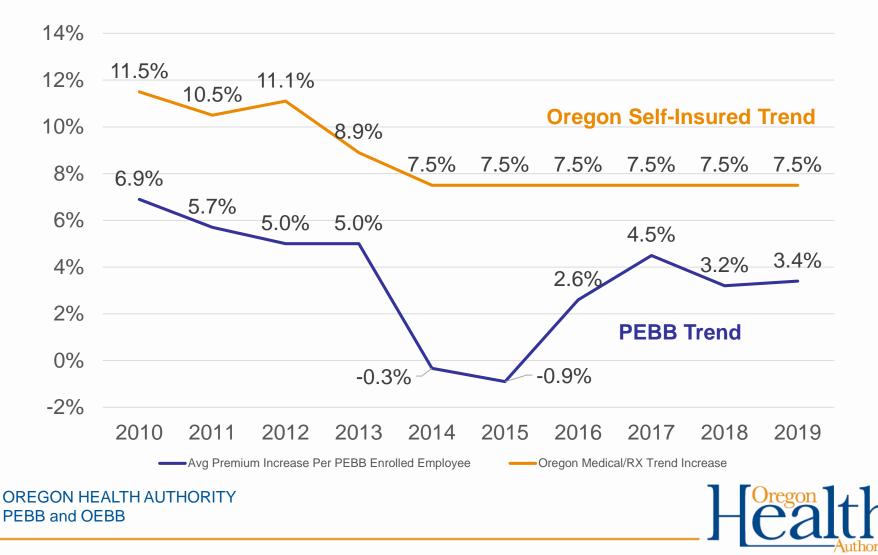
OREGON HEALTH AUTHORITY PEBB and OEBB

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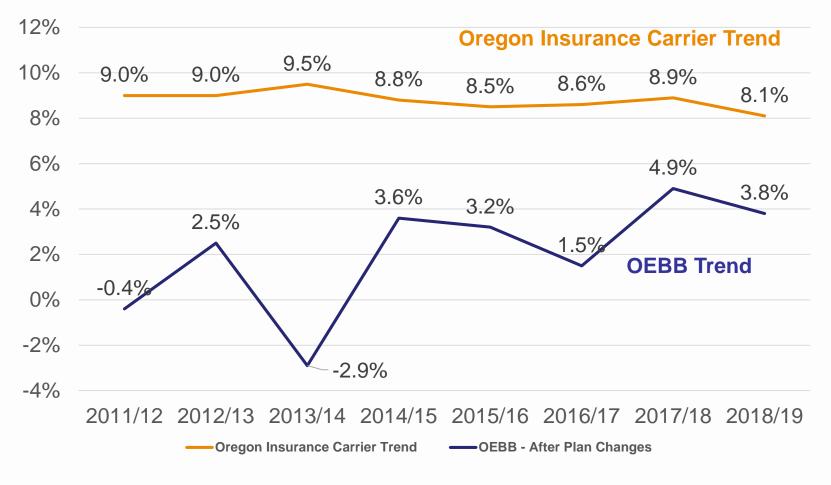
Holding Cost Growth to 3.4% Will Save Over \$700 Million in GF in Next Two Biennia



PEBB Cost Trend Against "Self Insurance" Trend



OEBB Cost Trend Against Commercial Trend





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PEBB and OEBB Strategies

- Enhance quality of care through the Coordinated Care Model (CCM)
- Improve member health with fully-covered preventive services and wellness programs
- Contain costs by maintaining a sustainable rate of budget growth under 3.4% annually
- Advance health care transformation in alignment with CCO 2.0 in Value-Based Purchasing and Metrics
- **KEY STRATEGY:** Continued resource investment in the Joint Innovation Workgroup to Identify and Implement Joint Cost Containment Strategies





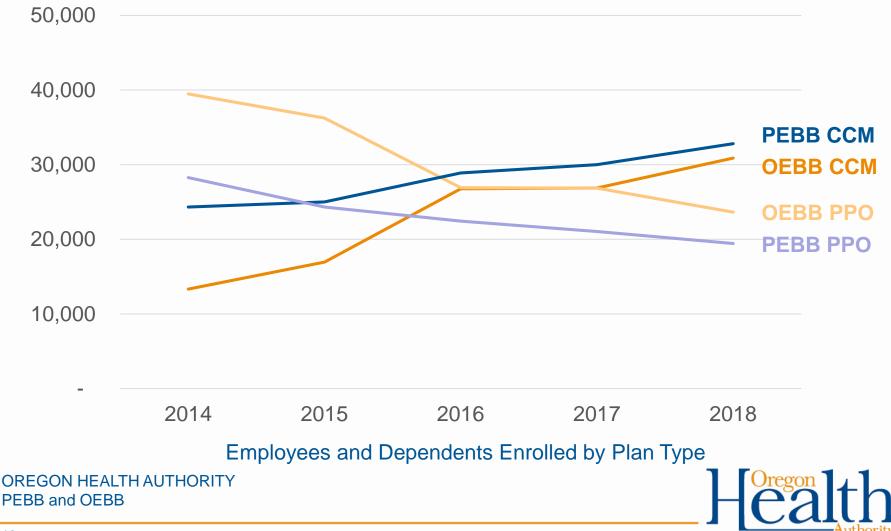
Continuous Quality of Care Improvement Achieved Through Coordinated Care Model

PEBB and OEBB support the Coordinated Care Model (CCM) and have taken steps to incentivize members to participate in CCM plans which are lower cost and move away from the fee-for-service PPO model. CCM plans are:

- Promoting alternative payment methodologies such as risk sharing and global payments for obstetrics and joint replacements
- Integrating behavioral and physical health
- Supporting the use of medical homes
- Increasing payments for primary care
- Putting fees at risk for meeting agreed upon outcome metrics
- Managing costs to a 3.4% increase



CCM Plans Have Surpassed PPO Plans



Joint PEBB/OEBB Innovation Workgroup

- Collaborative workgroup of PEBB/OEBB Board members and legislators created by SB 1067 (2017)
- Charged with identifying innovations to transform health care and contain costs and bring back recommendations to the boards

WORK PLAN 2019

- January through May: Focus on developing recommendations for Value-Based Payment Targets for OEBB and PEBB medical plans to the boards
- June through September: Focus on developing recommendations for enhancing Coordinated Care Model/PCPCH medical plans in OEBB and PEBB
- October through December: Focus on developing recommendations for enhancing pharmacy management



Innovation Workgroup Analysis: Common Cost Drivers of PEBB and OEBB

OVERVIEW OF OEBB AND PEBB	OEBB and PEBB have costs increasing at similar rates with PEBB increasing at a slightly higher rate
COMPONENTS OF TREND	Cost increases is the biggest component of trend for both OEBB and PEBB. OEBB costs are impacted more by member cost share/leveraging and PEBB is impact more by change in member risk
BY CATEGORY OF SERVICE	Outpatient surgery costs are increasing significantly for both OEBB and PEBB. Mental health utilization is increasing for both groups
RISK SCORES	PEBB risk scores are higher than OEBB and also increasing at a higher rate
TOP CONDITIONS	Top conditions for OEBB include cancer and arthritis and top conditions for PEBB include cancer and spinal and back disorders. Prevalence of chronic conditions are higher than benchmarks for OEBB and PEBB



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Keeping Costs to 3.4%: PEBB Board Priorities





How Does PEBB Meet the 3.4% Test Each Year? Exploring the Possibilities...

 Unit Prices Directly negotiate rural fee schedule prices Contract with efficient CCMs by county Reference based pricing Exclusive specialty drug vendor High cost claim 	 Benefit Coverage Advocacy care management Stricter medical and benefit policies Adjust plan values to benchmark Risk adjust premiums for contributions Point solutions 	 Delivery and Associated Payments Bundled payments Centers of Excellence Health alliance to influence how providers operate Better integration of behavioral health and EAP with medical 	 Payment Model with Risk Sharing Upside and downside risk Create ACO Changing in-network to only include risk bearing providers 	 Patient Behavior Concierge vendor Transparency tool Require use of share decision support tool Single telemedicine solution Consumer directed medical plan Expert medical opinion vendor
management	Single electronic health record provider		 Address social determinants of heal 	



PEBB Board's Approach to Innovation

RESULTS

- What do you expect the program to achieve for your organization?
- How much risk can you take?

PROGRAM CONCEPT

- Does it solve a specific problem or address a high priority need you have?
- How does it fit with your broader employee value proposition?

PROCESS OVERVIEW

- Do you really have the resources to make it happen, both initially and over the longer term?
- How will it work in coordination with your other programs?

HUMAN IMPACT

- What is the true impact to employees and their families?
- What action will they need to take?
- Would they use their own \$ to buy it?



PEBB Board Strategies: Long Term Strategy and Bridge Strategy

LONG TERM STRATEGY

- Accountable Care Organization (ACO)
 - Need to develop a strategic framework and desirable metrics for PEBB's ACO model

BRIDGE STRATEGIES

- Bridge strategy for Concierge and Advocacy Services (CAS):
 - May go through request for information (RFI) process for "fact finding" on capabilities and return on investment
- Bridge strategies enhanced through carriers/administrators:
 - Center of excellence (COE) / Bundled Payments
 - Digital Health Solutions
 - Expert Medical Opinions (EMOs)



PEBB Comparison Between Current CCM and ACO Model Plans

	Healthcare Focus	Description	Financial Arrangement
Coordinated Care Model	Primary Care, some models include specialty care but others primarily focused on primary care	Care is coordinated and managed by primary care teams via patient-centered primary care homes	Variable financial risk arrangements depending on the provider, ranging from total cost of care to no financial risk
Accountable Care Organization (ACO)	Entire healthcare continuum of services	 Primary care serves as the central coordinating focal (like current CCMs), and then also coordinates, information shares, and collaborates with other providers: Specialists Acute care Long term care Behavioral health Ancillary services 	 Fees at risk for the total cost of care Graduated risk sharing over time Exceptions may include high cost claimants, specialty pharmacy, etc.



PEBB Savings Opportunities

	2020	2021	2022	2023	Total
Needed Savings per Year	\$8 Million	\$35 Million	\$37 Million	\$41 Million	\$120 Million
Savings Opportunities					
Concierge for Statewide	\$7 Million	\$11 Million	\$16 Million	\$17 Million	\$51 Million
Expert Medical Opinion	\$1 Million	\$1 Million	\$1 Million	\$1 Million	\$4 Million
Double Spousal Surcharge	\$2 Million	\$3 Million	\$2 Million	\$3 Million	\$10 Million
CCMs In Efficient Counties		\$2 Million	\$3 Million	\$3 Million	\$8 Million
Bundled Payments	\$2 Million	\$2 Million	\$2 Million	\$2 Million	\$9 Million
Accountable Care Organization		\$2 Million	\$4 Million	\$7 Million	\$13 Million
Total Savings	\$12 Million	\$22 Million	\$28 Million	\$33 Million	\$94 Million
Remaining Gap	None	(\$13 Million)	(\$9 Million)	(\$8 Million)	(\$25 Million)



PEBB 5-Year Road Map

- Implementing high-performing Accountable Care Systems will take 5+ years
- PEBB will need strategies in the interim to generate savings to meet the 3.4%
- Additionally, the ACSs will only replace the current CCMs, leaving the need for continued management on the Statewide plan

2019	2020	2021	2022	2023+
Target Value-Based Pay	ments:	20% Target Category 2C (HCF	35% P-LAN Model) transitioning to 3	50% , with ACS at 4 by 2025
 Work with Providence to explore concierge / advocacy programs for the Statewide plan Determine appropriate point solutions based on PEBB's prevalent chronic conditions and willingness of vendors to put their fees at risk Explore possibility of expert medical opinion covering the entire population Analyze efficient CCMs by county 	 Implement concierge / advocacy program for the Statewide plan Based on discussions with Providence, this would either be contracted through them or PEBB would use an outside vendor selected from a formal RFP (request for proposal) CCMs deemed inefficient will be put on a watch list Decide on implementation of expert medical opinion Implementation of point solutions for which vendors don't have internal solutions 	 Assist in creating and launching of ACSs and high performing networks Continue monitoring of: CCMs by county Advocacy/concierge for Statewide savings Point solutions 	 Implement first ACSs Last year for inefficient CCM plans Compare CCMs to Statewide advocacy/concierge savings to determine ACS claims and trend targets Evaluate results of point solutions 	 As ACS delivery systems begin to gain membership, there will need to be integration and coordination between the ACS and concierge/advocacy solution The Statewide plan, with concierge / advocacy will remain to help serve PEBB's rural population Point solutions and/or expert medical opinion could remain as part of PEBB's Statewide solution for those rural employees





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OEBB 2020 Renewal Strategy

- Align with the Legislature and OHA goals and objectives for advancing coordinated care, increase primary care and value based payment methods
- Continue to move toward correct premium relativities
- Consolidate plan designs provide opportunity and incentive to all OEBB members for using coordinated care pathways
- Achieve the 3.4% target
- Ensure plan values are aligned with their corresponding rates
- Evaluation of changes to OEBB's wellness program offerings
- Evaluation of market leading or innovative efforts to encourage efficient use of medical, pharmacy services



OEBB 5-Year Strategy

Offer choice of plans with meaningful difference in:

- Benefit Design/Premium price points
- Models of care (PPO, CCM, HMO)
- Carriers and providers

Sustainability:

- Maintain sustainable plan options and program costs
- Promote programs that drive efficient use of care

Organized Systems of Care and Coordinated Care Models:

- Promote programs that deliver the right care at the right time in an efficient manner
- Support Oregon's health care system transformation efforts

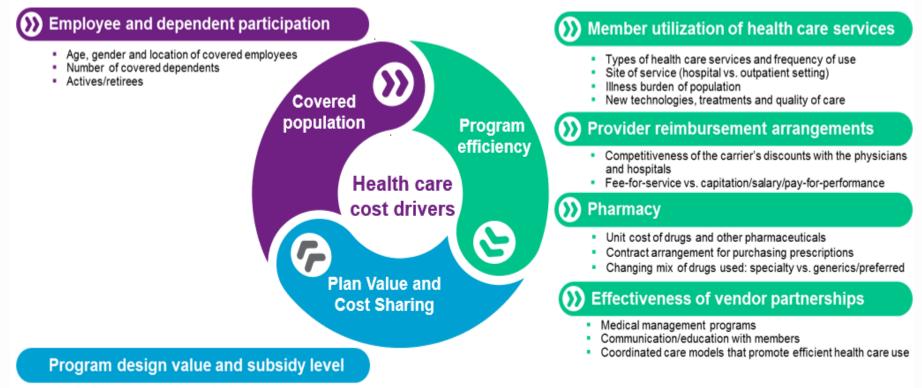
Partnership:

 Advance OEBB program goals and health care efficiency in partnership with vendors, PEBB, OHA and participating entities and members





OEBB Cost Driver Wheel



- Deductibles, copays and cost-sharing elements
- Employer/employee premium-sharing
- HSA, HRA and opt-outs



OEBB Long Term Planning

2019 – 2020	2020 – 2021	2021 – 2022
 Benefits Consolidate PPO/CCM Establish initial incentive plan design Implement hospital reimbursement cap 	 Benefits Review impact of consolidation and hospital cap Refine incentive benefit design 	 Benefits Review impact of consolidation and hospital cap Further refine incentive plan design
 PCP/Medical Home Strategy Establish plan design incentive to promote PCP selection PCP/MH network is larger to ensure access Measure individual PCP performance 	 PCP/Medical Home Strategy Review PCP/MH attribution results PCP/MH network is narrower — focus on higher performing PCPCH 	 PCP/Medical Home Strategy Review PCP/MH attribution results PCP/MH network is narrower — focus on higher performing PCPCH Publish individual provider performance results
Establish VBP strategyDevelop VBP strategy	Refine VBP strategyX% Category 3X% Category 4	 Measure/Refine VBP strategy X% Category 3 X% Category 4
 Other Plan Management Strategies Review additional care management programs 	 Other Plan Management Strategies Implement new CM programs (concierge, COE, pharmacy contracting) 	 Other Plan Management Strategies Implement new CM programs (Concierge, COE, pharmacy contracting)

Thank You

