
Public Employees' Benefit Board Oregon Educators Benefit Board

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

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Exploring PEBB and OEBC 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

- 1 Better health**
- 2 Better care**
- 3 Lower costs**

PEBB and OEGB 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

FEE-FOR-SERVICE “FFS”



PROVIDERS

- 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



VALUE-BASED CARE “VBC”

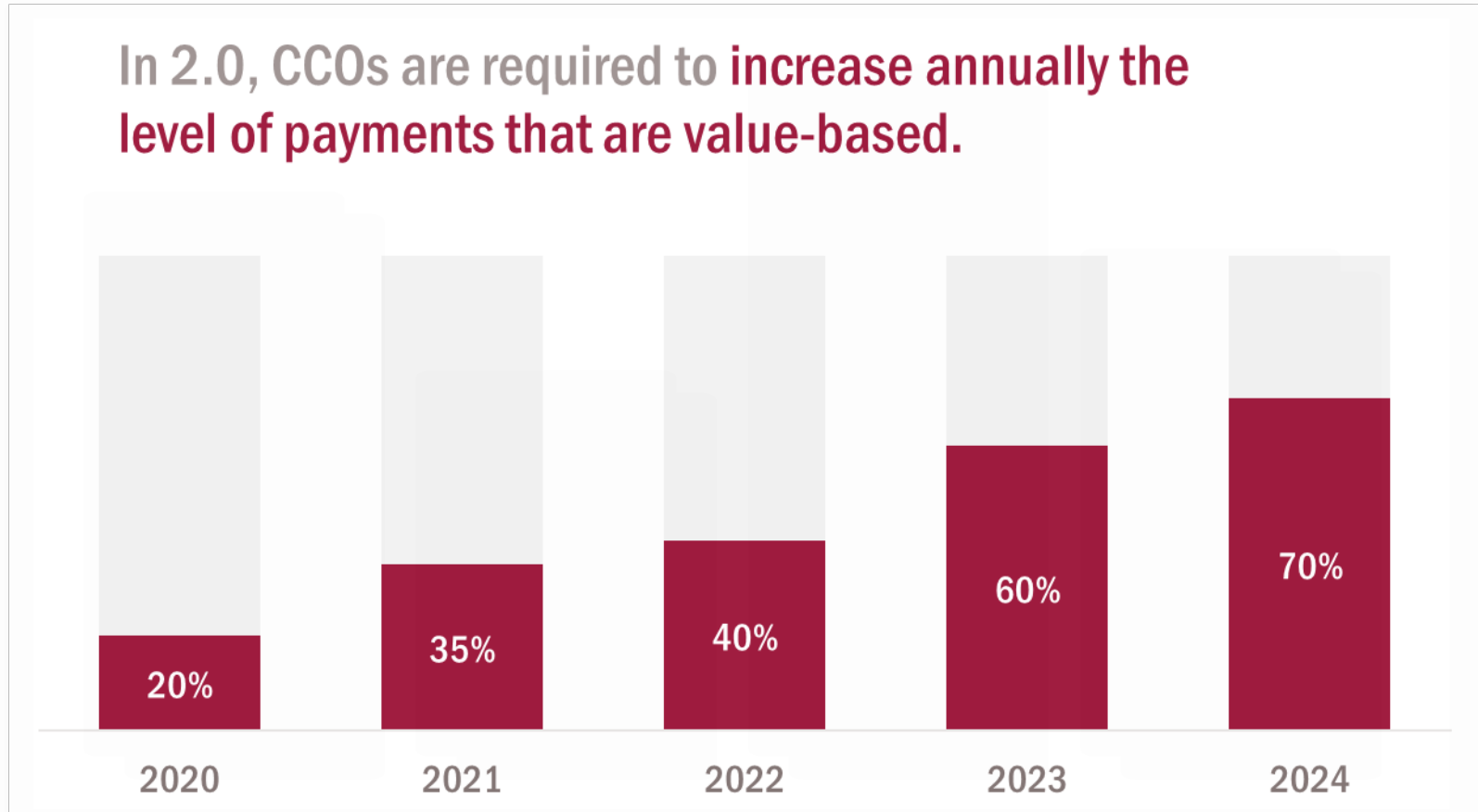


PROVIDERS

- 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

In 2.0, CCOs are required to **increase annually the level of payments that are value-based.**



Progress Report: Current Value Based Payment Models in 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

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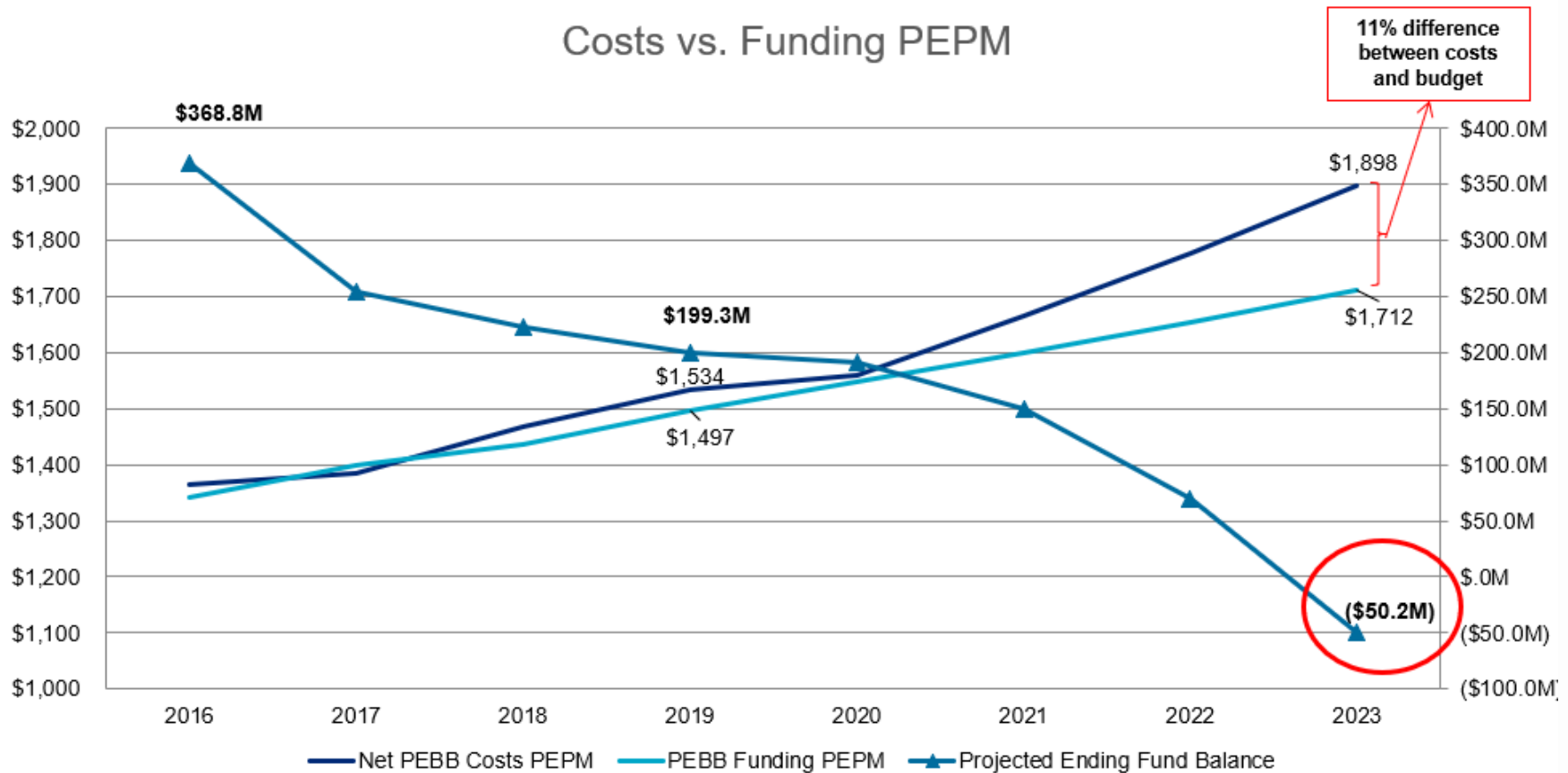
Strategies and Successes

PEBB Future Visioning

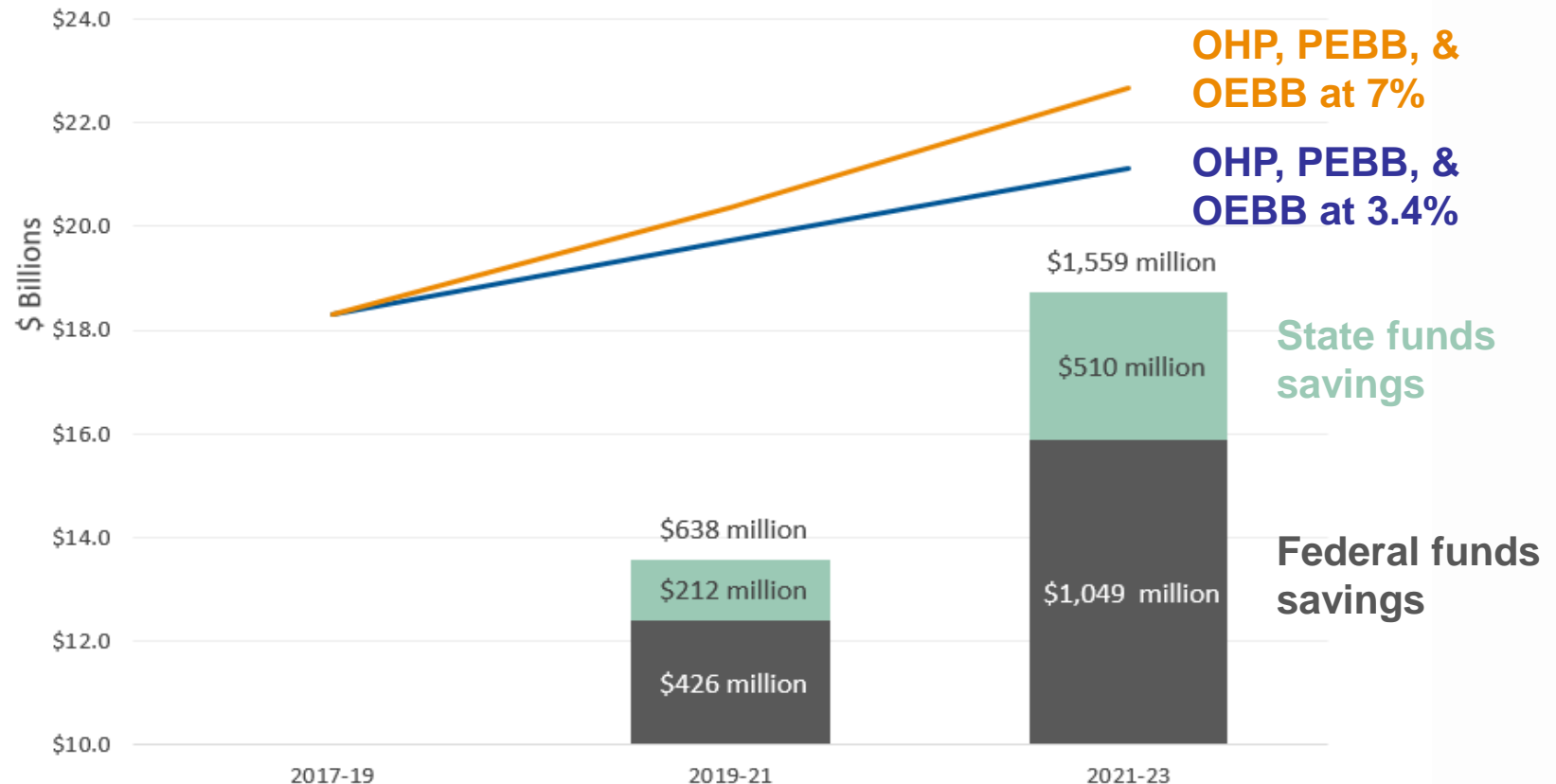
OEBB Future Visioning

The 3.4% Challenge...

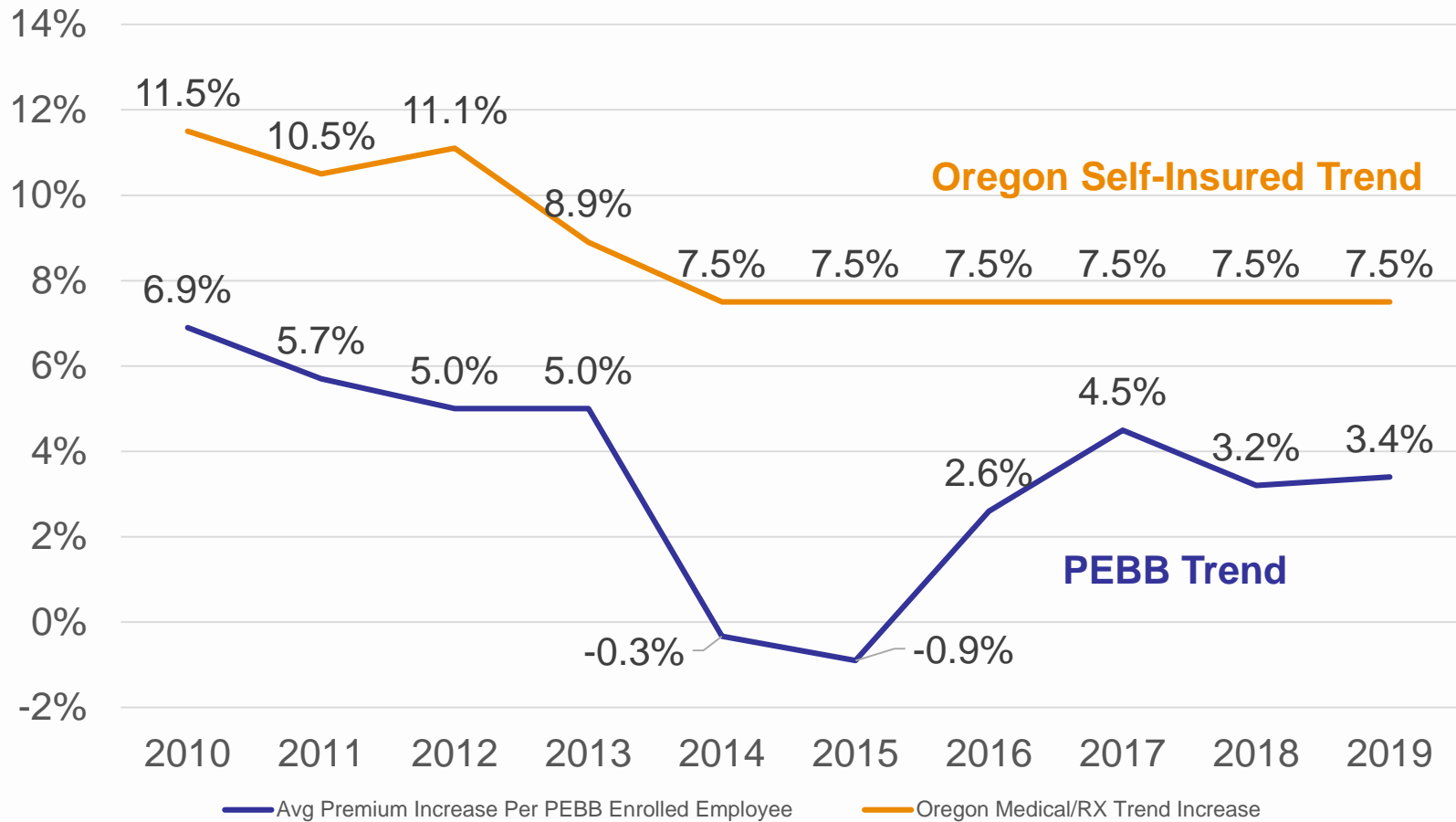
Costs vs. Funding PEPM



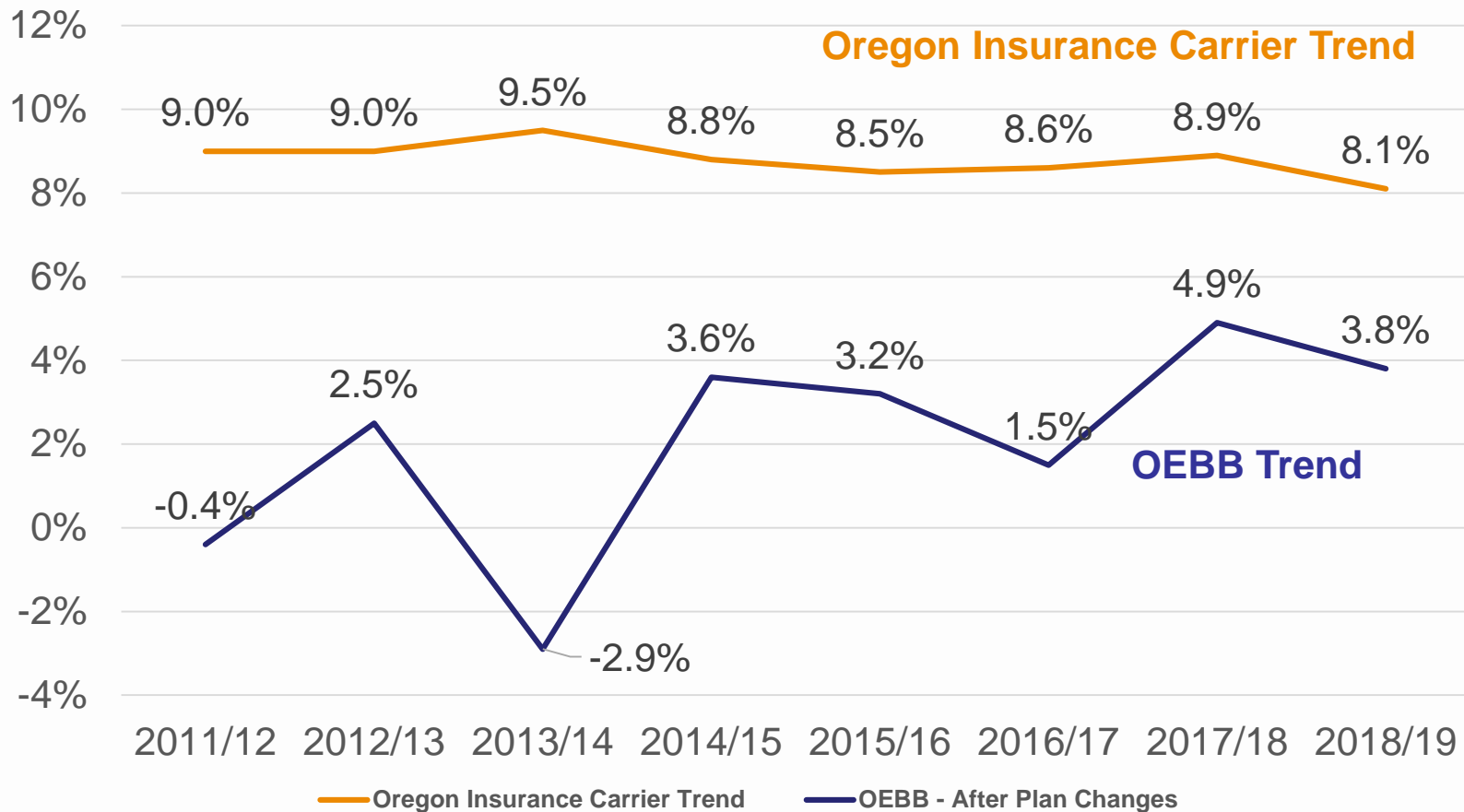
Holding Cost Growth to 3.4% Will Save Over \$700 Million in GF in Next Two Biennia



PEBB Cost Trend Against “Self Insurance” Trend



OEBB Cost Trend Against Commercial Trend



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PEBB and OEBB Strategies

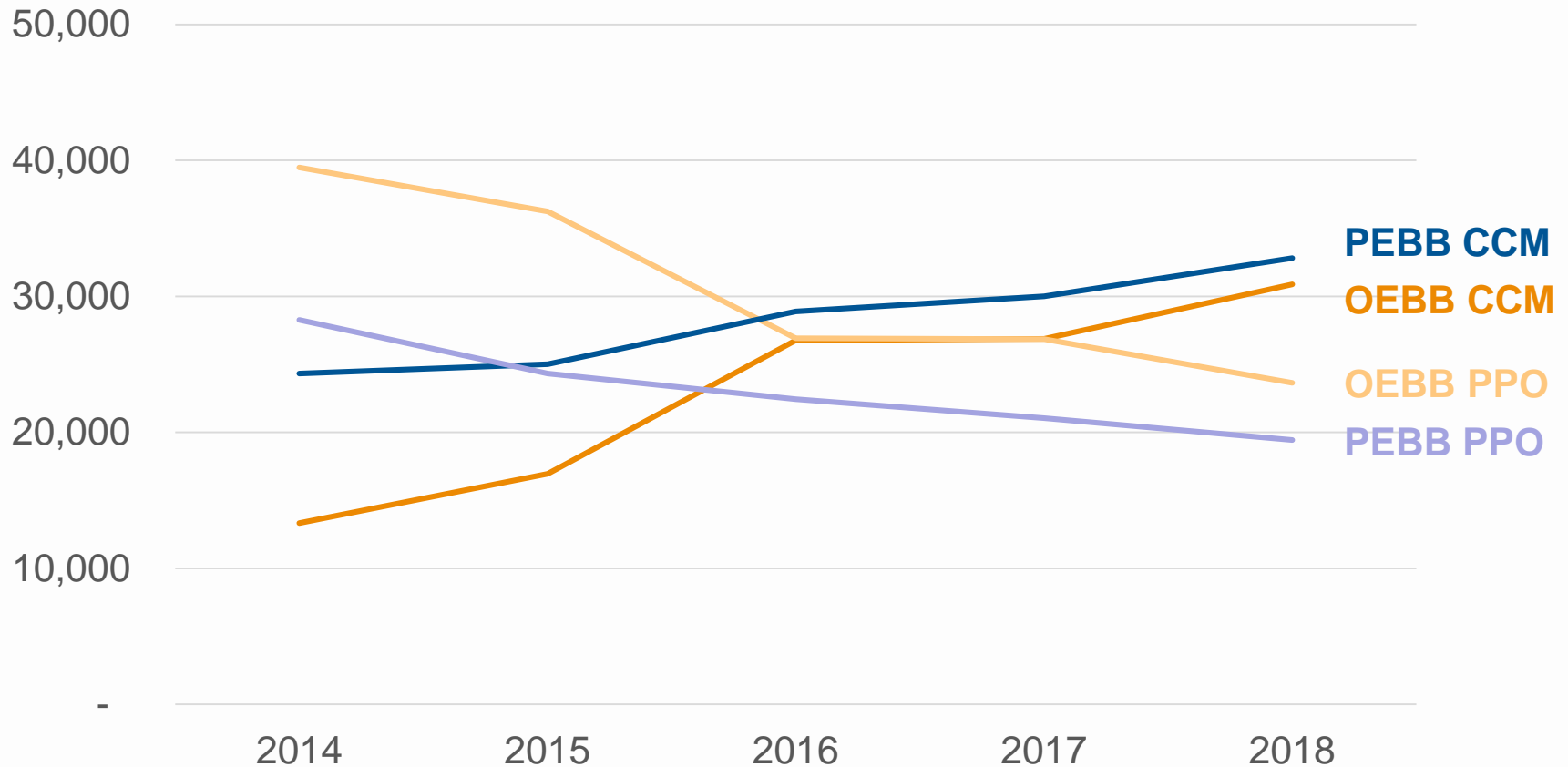
- Enhance quality of care through the Coordinated Care Model (CCM)
- Improve member health with fully-covered preventive services and wellness programs
- Contain costs by maintaining a sustainable rate of budget growth under 3.4% annually
- Advance health care transformation in alignment with CCO 2.0 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 OEBC 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



Employees and Dependents Enrolled by Plan Type

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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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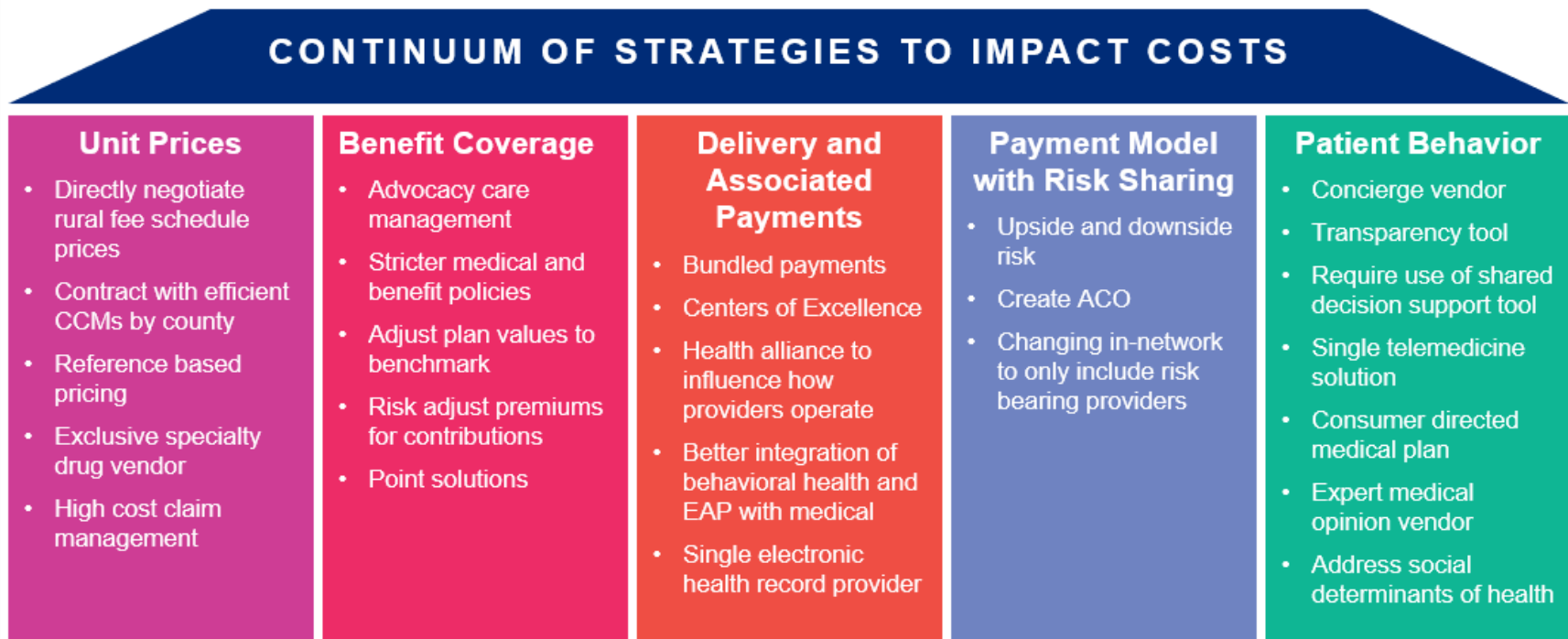
PEBB Future Visioning

OEBB Future Visioning

Keeping Costs to 3.4%: PEBB Board Priorities



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



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

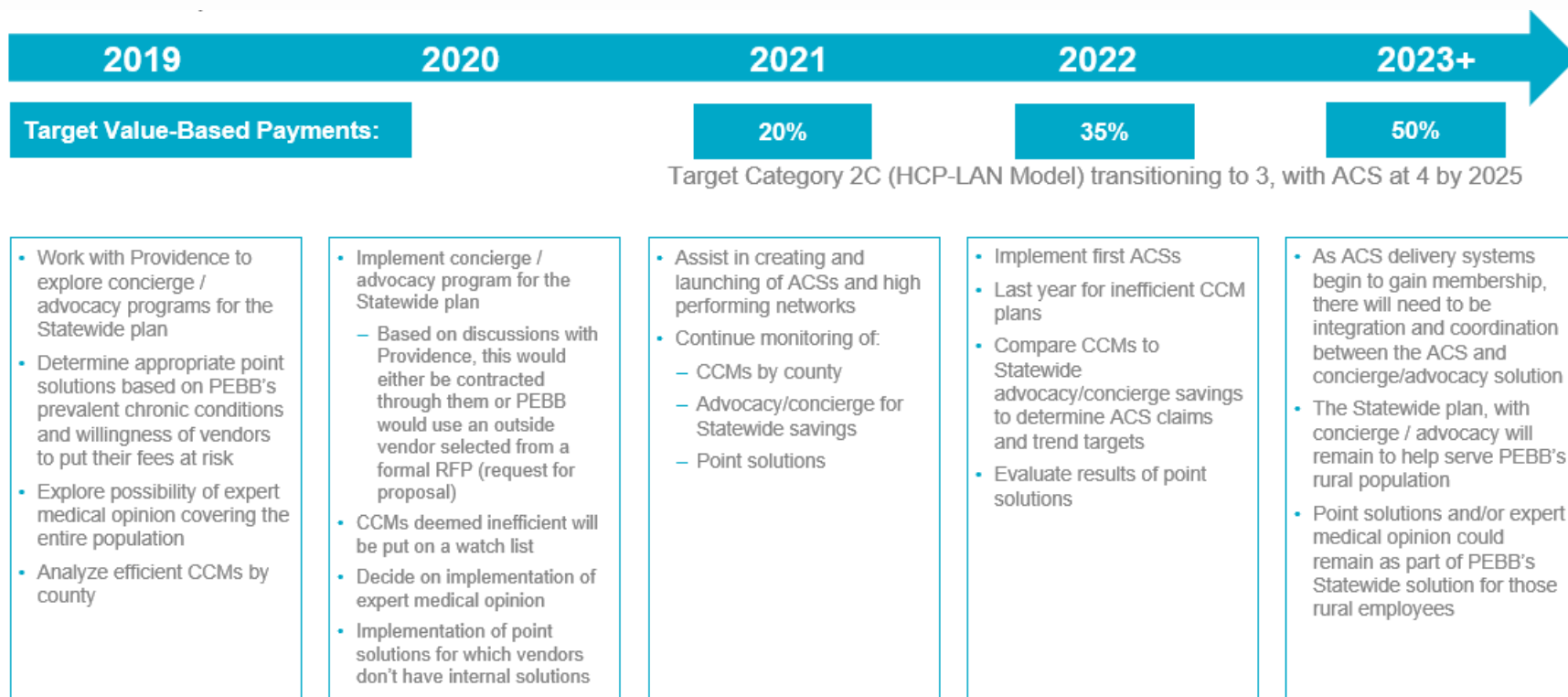
	Healthcare Focus	Description	Financial Arrangement
Coordinated Care Model	Primary Care, some models include specialty care but others primarily focused on primary care	Care is coordinated and managed by primary care teams via patient-centered primary care homes	Variable financial risk arrangements depending on the provider, ranging from total cost of care to no financial risk
Accountable Care Organization (ACO)	Entire healthcare continuum of services	<p>Primary care serves as the central coordinating focal (like current CCMs), and then also coordinates, information shares, and collaborates with other providers:</p> <ul style="list-style-type: none"> • Specialists • Acute care • Long term care • Behavioral health • Ancillary services 	<ul style="list-style-type: none"> • 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



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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

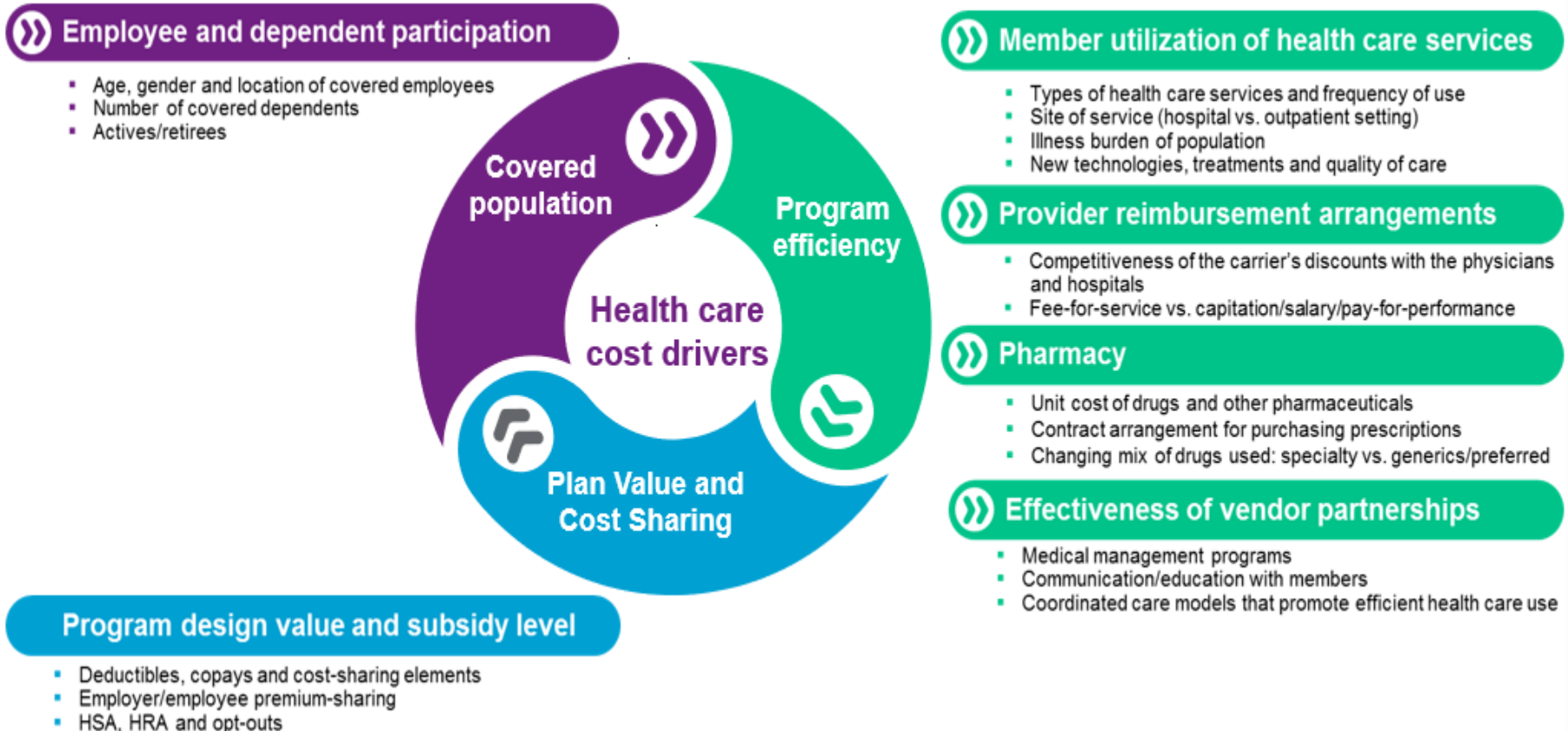
Organized Systems of Care and Coordinated Care Models:

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

Partnership:

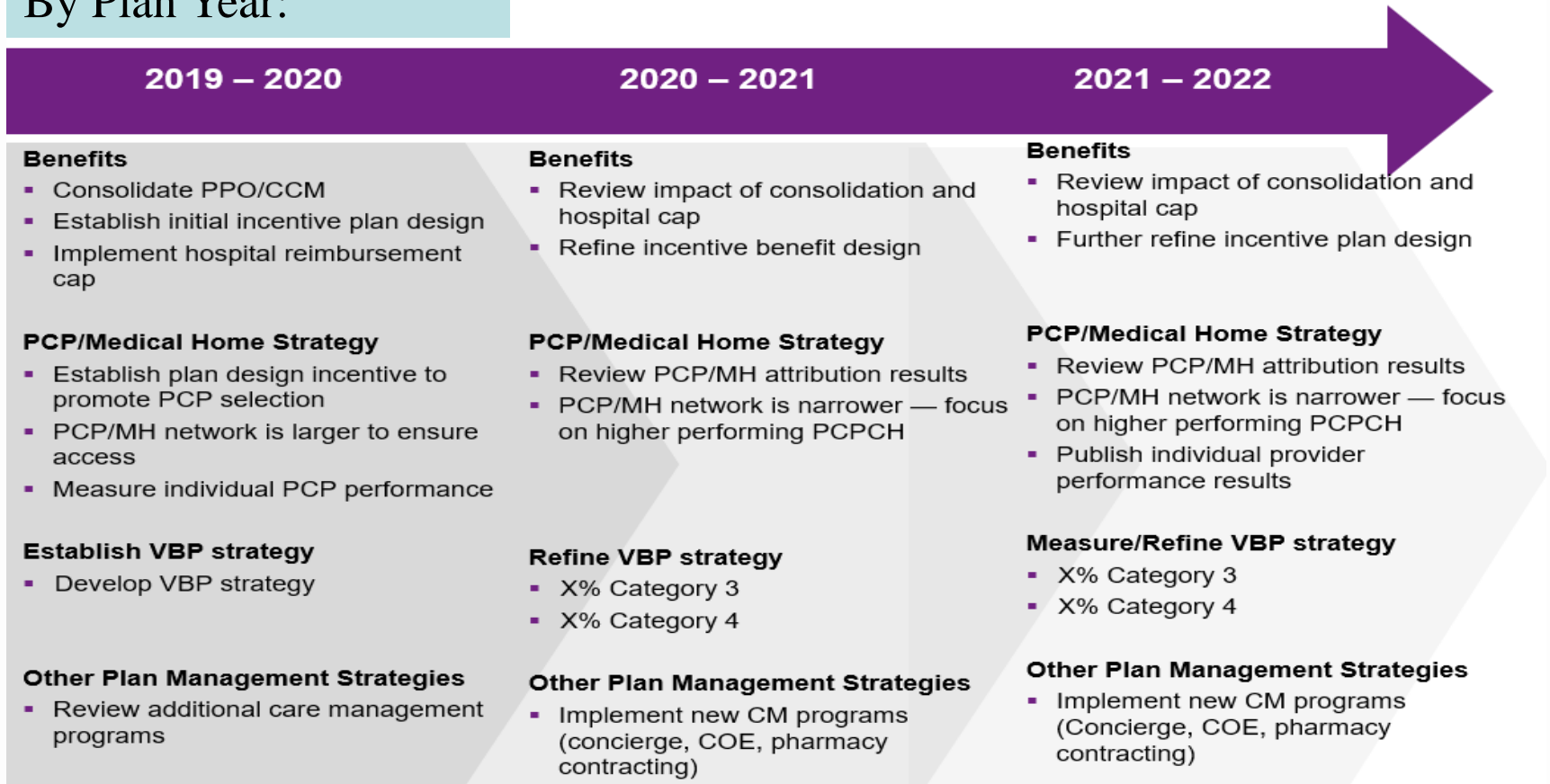
- Advance OEBB program goals and health care efficiency in partnership with vendors, PEBB, OHA and participating entities and members

OEBB Cost Driver Wheel



OEBB Long Term Planning

By Plan Year:



Thank You



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