

## Initial Concept

# Aligning for Health: Oregon's Regional Multi-Payer Model

HB 2010, passed in 2021, requires the Oregon Health Authority to submit recommendations to the Legislature for a regional (multi-payer) global budget health care delivery pilot that aligns with the state's health care transformation goals ("Aligning for Health model").

## The Problem

The current health care financing and delivery system is fragmented. Every insurance company pays providers in their networks differently and holds them to different quality standards and goals. This fragmentation means:

1. **People receive different quality of care, sometimes in the same clinic.** The current health system lacks common goals and payment structures for health insurance plans ("payers") and providers. This means that patients who receive care from the same provider but are covered by different payers may receive different care. Also, health care workers have to spend too much time managing different contract requirements and have less time for patient care.
2. **People often don't have easy access through the health system to everything they need to stay healthy.** Social needs (like housing and transportation) have a greater impact on overall health than medical care. In the current system, payers and providers typically don't have financial incentives to invest in prevention, nor flexibility to get paid for providing "health-related services."
3. **Meanwhile, health care costs continue to rise for everyone.** The inefficiencies in our health care system mean that providers have to spend on administrative work rather than patient care. And the inflexible payment models encourage simply providing more services, rather than improving health. The resulting high, and rising, cost of health care is unaffordable for Oregon families and businesses.

**Most importantly, a fragmented and unaligned health system means that health inequities persist.** A lack of access to health-related services and high medical costs disproportionately harm communities of color and Tribal communities who, because of historical and contemporary injustices, face the greatest barriers to receiving quality care.

## A new model: Aligning for Health

Oregon's proposed regional multi-payer model will fundamentally change incentives for payers and providers to put the focus on improving health for a full population under a sustainable rate of cost growth.

The model design is driven by a set of guiding principles (see sidebar on page 3) and works by:

- Starting with a reasonable budget for payers in a defined geographic region to cover the total cost of care for their members;

### What do we mean by a regional multi-payer model?

A regional, multi-payer pilot model establishes an annual, predetermined total budget for a defined population. It also offers new flexibility for how health services are reimbursed, so that providers can focus their services on keeping people healthy instead of "counting widgets."

The model also includes shared expectations around promoting high-quality care, paying for outcomes, and addressing health inequities.

In contrast, traditional health care reimbursement focuses on the specific services patients receive. When individuals receive more services, providers are paid more. This perverse incentive can result in providers providing unnecessary, expensive care that doesn't meaningfully improve people's health.

- Pairing this budget with aligned expectations for promoting equity, quality, community engagement, and advanced value-based payment (i.e., paying for outcomes); and
- Trending the budget forward annually at a fixed rate that is more affordable to government, businesses, and families.

Over time, the vision is to bring more payers, providers, and the people they serve into the model, creating greater alignment and incentives to meet the health and wellness goals for the full population in a region and beyond. For more detail on how the model would work, see page 3.

The Aligning for Health model would move the health system toward:






1. **More equitable access to quality care for people across insurance plans**, as providers and payers align under shared payment models, goals, and expectations.
2. **Improved access to preventive and health-related services**, as payers and their contracted providers have more flexibility and incentives to pay for these types of services. Oregon’s model will be designed to ensure the health system focuses these efforts on people experiencing health inequities.
3. **Smarter spending**, as payers and providers work within a sustainable and predictable budget, with flexibility and incentives to invest in higher quality and more efficient care. Smarter spending in the health system means more money back in the pockets of families, businesses, and the state.

The Aligning for Health model could also be a key strategy to support the success of other efforts to improve health care in Oregon, such as the health care cost growth target and the compact to spread value-based payments.

## Timeline

- 2021** Oregon Legislature passed HB 2010 requiring OHA to develop a “regional, global budget health care delivery pilot” (“Aligning for Health: regional multi-payer model”)
- 2022** In July, OHA submits recommendations for Aligning for Health: a regional multi-payer model to the Legislature.
- 2023** Legislature possibly considers implementing Aligning for Health model in Oregon.

# How a regional multi-payer model could work

- Step 1**  **Oregon determines initial region and population(s), considering:**
- Sufficient size of the population (e.g., covered lives), health system readiness (e.g., provider and payer collaboration, presence of community-led collaborative or other entity to connect with health care), opportunities to address health inequities in pilot community, and more.
- Step 2**  **OHA builds a regional multi-payer budget by:**
- a. Calculating an initial budget by considering things like the health of the defined population, defined reimbursement rates,<sup>1</sup> covered benefits,<sup>2</sup> geographic location, and key policy goals (such as assuring that primary care, health-related and other preventive services are adequately reimbursed).
  - b. Trending the budget forward at an established sustainable rate of growth.
- Step 3**  **OHA solicits proposals from health plans (or “payers”) to participate in the model under clear expectations for:**
- Financing: Expectations around budget (per-member-per-month), cost growth, and value-based payments
  - Care delivery: Expectations and requirements around promoting equity, quality, and community engagement
- Step 4**  **Selected payers accept budget and terms, including expectations around equity, quality, and community engagement.**
- Step 5**  **During implementation, OHA tracks to assure health care quality and population health and health equity outcomes.**
- Future**  **Oregon continues to add new populations and regions to an established regional multi-payer framework<sup>3</sup>**

## Further details of the model design will be guided by the following principles:

Center health equity

Support innovation to maximize health for Oregonians and promote smarter spending

Contain health care costs to alleviate burden on Oregonians, free up funding for other government services, and reinvest savings in communities

Complement related health system transformation efforts

Promote broad participation across payers, providers, and other health system partners

Seek alignment across health system participants to ease provider burden and maximize impact

Ensure shared accountability to quality and health equity across pilot participants

Create a flexible, scalable, and resilient model that maximizes the value of tax dollars being spent on health care

<sup>1</sup> Used to calculate the initial budget; not an assumed payment rate

<sup>2</sup> Participating purchasers would still set their own benefit packages

<sup>3</sup> Establishing a global budget for a subsection of a region's population will not in itself be sufficient to improve health, reduce health inequities and improve health care quality for the population in a region. To do so requires a substantial portion of the entire population in a region.