



March 22, 2023

Representative Rob Nosse, Chair  
Representative Christine Goodwin, Vice-Chair  
Representative Travis Nelson, Vice-Chair  
House Committee on Health Care  
900 Court Street NE  
Salem, OR 97301

Delivered electronically.

**Re: Support for House Bill 2878**

Chair Nosse, Vice-Chairs Goodwin and Nelson, and members of the committee:

PacificSource Health Plans appreciates the opportunity to support House Bill 2878. We welcome the conversation Representative Dexter has begun to figure out how all system partners, including commercial payers like PacificSource Health Plans, can work together to test and refine innovative approaches to the delivery of health care in Oregon.

PacificSource has a good deal of experience with the concept of a global budget. As a coordinated care organization, we receive fixed budgets in the four regions of the state for which we operate. The legal definition of a global budget for coordinated care organizations is the "total amount established prospectively by the Oregon Health Authority to be paid to a coordinated care organization for the delivery of, management of, access to and quality of the health care delivered to members of the coordinated care organization."<sup>1</sup> Far from a simple block grant, global budgets can be a catalyst for reimagining how care is delivered in a community. Global budgets and the coordinated care organization model led the state to note in its 2017 waiver application that this model was both "more financially sustainable" than the system before it and "has already accrued significant savings to the federal government[.]"<sup>2</sup>

Global budgets go hand in hand with value-based payments, or structuring reimbursement in a way to move away from paying for quantity and paying for quality, patient experience and equity. PacificSource led the way on the creation of the Oregon Value-Based Payment Compact,<sup>3</sup> which was a component of Senate Bill 889 in 2019. When system partners know in advance that resources are finite, we need to work together to assure better care, better health outcomes and lower cost for our patients and members. The work can be difficult but rewarding.

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<sup>1</sup> ORS 414.025(11).

<sup>2</sup> See Letter from Gov. Kate Brown to Sec. Sylvia Mathews Burwell (July 20, 2016) (available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/or/Health-Plan/or-health-plan2-state-ext-app-090116.pdf>)

<sup>3</sup> Paying for Value in Health Care: A Roadmap for Implementing the Oregon Value-Based Payment Compact, available at <https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20Meeting%20Documents/6.-VBP-Compact-Roadmap.pdf>.

I think we all agree the concept still needs work. It is a complex idea to put into practice and managing so many stakeholder expectations is necessarily difficult. The stakes are high: a pilot program of this magnitude needs to be successful to demonstrate to others that the concept can apply more broadly. The details in the bill thus matter a great deal. With that said, we pledge to continue to be at the table to fine-tune the idea.

For questions or concerns, please contact me at 541.284.7736 or [richard.blackwell@pacificsource.com](mailto:richard.blackwell@pacificsource.com).

Sincerely,

/s

Richard Blackwell  
Director, Oregon Government Relations