

March 22, 2023

Rep. Rob Nosse, Chair
Behavioral Care and Health Care Committee
Oregon State Capitol
Salem, Oregon 97301



RE: HB 2878 Testimony

Dear Chair Nosse and Committee Members,

Thank you for the opportunity to provide comments on **HB 2878** which creates the Aligning for Health pilot program, administered by the Oregon Health Authority (OHA), to test alternative methods of health care. Moda Health supports Value-Based-Payments (VBPs) and transformation in our state. Having said that, there are important issues to consider as your committee takes up this bill.

HB 2878 seeks to provide OEGB, PEBB and the commercial market with integrated health plans that use value-based payment methodologies and a global budget to control costs and ensure quality benefits for their members. These strategies are aligned with Moda's goals, and many are already incorporated into our plan offerings today.

Currently, Moda offers a coordinated care option (CCM) for OEGB members who select a patient-centered primary care home (PCPCH). The CCM plan provides enhanced benefits for members and today 75% of Moda's OEGB enrollees have selected to participate in the CCM plan. Moda's PCPCH reimbursement aligns with the recommendations of the Primary Care Payment Reform Collaborative that promote quality and value of health care services, rather than volume-based payment (fee-for-service). Providers participate in an advanced payment model where they are rewarded for performance on utilization, quality, and experience of care metrics. This alternative payment model allows providers to receive shared savings for maintaining overall costs under a 3.4% global budget.

Our plans offered to OEGB and PEBB are focused on ensuring quality of care for members. Moda's contract with OEGB and PEBB includes fees at risk for quality metrics from the Health Plan Quality Metric Committee. In turn, Moda's contracts with our providers align with these metrics. Providers who meet or exceed the targets associated with these metrics are rewarded through the alternative payment model.

Moda's OEGB risk model has evolved over the years and will continue to incorporate more provider payments under a value-based payment arrangement focused on improvements in quality, utilization and health outcomes. Moda will follow the principles for increasing the use of advanced value-based payment models as proposed by the SB 889 Sustainable Health Care Cost Growth Target Implementation Committee. The strategies included in **HB 2878** are in-line with



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Moda's direction to transition to global provider payments to support the members and entities OEGB serves.

Moda's contract with OEGB is also aligned with the strategies of HB 2878 through its minimum premium funding arrangement. HB 2878 pursues a global budget within OEGB. The reality is that Moda already provides a global budget through the minimum premium funding arrangement. Every renewal, Moda works with the OEGB board to set a maximum claims liability. OEGB pays claims up to this amount. If claims come in over the maximum claims liability, Moda is at risk for those costs. This ensures that OEGB does not pay more than the budget that is set, and Moda must manage costs within that budget.

Things to consider:

While the strategies identified in **HB 2878** are aligned with OEGB's and the state's progression toward more value-based payments, there are several areas in the bill that may have unintended consequences.

1. This bill interferes with the efforts of the Value-Based Payment compact workgroup.

The VBP compact workgroup was established to facilitate the adoption of VBPs to assist payers and providers in meeting the VBP targets and develop options of VBP models that allow for model alignment between payers. This work is just beginning and has the ability to accomplish the goals of this bill. Introducing this legislation now will complicate the efforts that are already underway and will cause confusion.

2. Regional plans would split up the risk pool and lead to higher costs.

OEGB has one set of premiums that spreads the risk over the entire State. Offering regional plans would split up the risk pool and would have a negative financial impact by not being able to spread the risk across a larger population. Furthermore, limiting each region to 3.4% may not be advisable if the underlying risk within each region changes relative to other regions. For example, the OHA manages the overall Medicaid cost growth to a 3.4% target but takes into consideration how to allocate increases based on an annual rate setting process for each CCO.

Different regions in the state would have different premium rates for the same plans. PEBB tried this in 2015 when they added three new regional coordinated care plans in addition to their two Statewide options. The regional carriers were not able to control costs and are no longer included in PEBB's offerings today.

3. HB 2878 eliminates the 200% of Medicare hospital cap and would lead to increased costs.

OEGB and PEBB are required to cap hospital payments at 200% of Medicare for most large hospitals. **HB 2878** potentially eliminates this cap and instead prohibits the Board from being able to restrict or prescribe the reimbursement of providers. Removing the 200% of Medicare cap for the integrated regional plans would make it difficult for them to control costs.

4. HB 2878 appears to be establishing CCOs within OEGB, PEBB and the commercial market, but it leaves out important factors that help the CCOs control costs.

The Coordinated Care Organizations have been successful in controlling costs for Oregon's Medicaid population. **HB 2878** appears to leverage aspects of the CCO model, but it leaves out important factors that have contributed to the success of the CCOs managing costs for their populations.

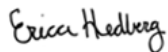
The CCOs follow the prioritized list that is set by the Health Evidence Review Commission. The prioritized list ranks services to determine what will be covered for Medicaid members based upon funding. This helps to control costs for CCOs by limiting what is covered under a Medicaid plan. HB 2878 does not apply the prioritized list to the integrated regional plans and instead states that purchasers can determine their benefits packages. In addition, these benefits cannot decrease. This will make it difficult to control costs.

5. The Health Equity Fund may result in tax liability for members.

Moda believes addressing social determinants of health in order to remove barriers to being able to access care is an important part of caring for the entire person. Addressing issues that may prevent members from being able to access the health care they need can help improve overall health and reduce costs. However, the benefits the Health Equity Fund aims to cover may create a tax liability for members who receive the benefits. While these benefits can be provided to Medicaid and Medicare members, because employer sponsored health plans are purchased with before-tax dollars, benefits such as food and transportation may be taxable income to the member. We believe it is important to research ways these types of benefits can be provided to members on employer sponsored plans without creating a tax liability.

Thank you again for this opportunity to provide comments on **HB 2878**. Please do not hesitate to reach out to me if I can provide additional information.

Sincerely,



Erica Hedberg
Director, Government Programs, Moda Health