Oregon's State Innovation Model Project
Progress Report
April 1, 2015-June 30, 2015

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Quarterly Report
April 1, 2015 - June 30, 2015

Overview

There are several exciting successes to report for this quarter as Oregon is continuing its efforts to transform the health delivery system. By measuring progress, sharing it publicly and learning from successes and challenges, we are demonstrating the impact of implementing and spreading the coordinated care model.

Financial data indicates that the Medicaid coordinated care organizations are continuing to hold down costs, reducing growth in spending by 2 percentage points per member, per year. All of Oregon's CCOs showed improvements in a number of quality measures - providing positive proof that Oregon's health system transformation is continuing to improve care for Oregonians who need it most (more details included below in the Success Story section).

On May 27, the Public Employees Benefit Board (PEBB) board approved health-plan premium rates for all 2016 core benefit plans, at a composite rate of 2.6% increase per employee, per month. This is well below the legislative budgetary cap of 3.4% annual growth limiting PEBB's budget. We are well on our path to better health and better care, while curbing the rising costs of health care for state employees.

PEBB attributes the lower increase to five factors:

1. Our members are choosing plans that better fit their and their family's needs
2. Our health plans are gaining efficiencies through:
    - Care management for members with ongoing conditions
    - Prescription drug management, including use of generic drugs and compliance
    - Member selection of state-recognized Patient Centered Primary Care Homes
    - Members receiving the right care, at the right time, and in the right place through their patient-centered primary care home and primary care provider.
3. Increased shared responsibility for health. Members are focusing on wellness, including using fully covered preventive services.
4. A decrease in the consultant fee
5. Lowering the PEBB administrative fee

Success Story/Best Practice

The 2015 Health System Transformation report[1] lays out the progress of Oregon's coordinated care organizations (CCOs) on quality measures in 2014. This is the sixth such report since coordinated care organizations were launched in 2012. In addition, this is the second report to show a full calendar year of data, as well as results from the second year of Oregon's pay for performance program.

The final data show large improvements, including:

- Emergency department visits by people served by CCOs have decreased 22 percent since 2011 baseline data.
- The rate of adult patients (ages 18 and older) with diabetes who had a hospital stay because of a short-term problem from their disease dropped by 26.9 percent since 2011 baseline data.
- The rate of adults (ages 40 and older) who had a hospital stay because of chronic obstructive pulmonary disease or asthma decreased by 60 percent since 2011 baseline data.
- Patient-centered primary care home enrollment has increased 56 percent since 2011. Primary care costs continue to increase, indicating more services are happening within primary care rather than emergency departments.
- Two CCOs exceeded the Screening, Brief Intervention, and Referral to Treatment benchmark. Initiation of alcohol and drug treatment has also increased. However, engagement of treatment has held steady, indicating room for improvement.

New to this report are results from the three clinical quality measures. The three clinical quality measures include control of diabetes, control of high blood pressure, and depression screenings. CCOs are beginning to build their capacity to report on these measures from electronic health records and the 2014 results are promising.

Overall, the model continues to show improvements, even with the inclusion of the more than 434,000 additional Oregonians who have enrolled in the Oregon Health Plan (OHP) since January 1, 2014. Today, approximately 1.1 million Oregonians are enrolled in OHP.

Challenges Encountered and Plan to Address

The Oregon Health Authority, under the leadership of Director Lynn Saxton, is undertaking broad reorganization and change management initiatives to more fully align the functions and resources of the agency to accomplish health transformation.

[1] http://tinyurl.com/o7smu5a

Medicaid Director Judy Mohr Peterson departed the Oregon Health Authority this quarter for the opportunity to lead Hawaii's Medicaid program as they begin their transformation efforts. She oversaw the transformation to the Coordinated Care Organizations and Medicaid expansion and is leaving Oregon well positioned, with a stable and maturing model established.

The changes in leadership have occurred smoothly, thanks to a great deal of supportive guidance and collaboration amongst staff, current and previous leadership. Director Saxton said in a weekly message, "Change is happening at every level of our agency as we align our functions to better achieve the triple aim. We are also taking a look at recent agency successes and learning from the work it took to get there."

Sustainability of SIM activities (e.g. Transformation Center, PCPCH, analytical work) and 2017 Waiver Renewal planning have begun and include executive leadership, the Oregon Health Policy Board (OHPB) and legislators – ensuring needed amendments and / or funding is identified and addressed thoughtfully.

This intensive work coincides with the legislative session and managing these activities while also making steady progress on health transformation has been the focus of the past quarter.

Payer Engagement Activities

The 2014 Health System Transformation report is the second report to show quality pool payments for CCOs. Under the coordinated care model, OHA held back 3 percent of payments to CCOs to create an incentive "pool." To earn their full payment, CCOs had to meet benchmarks on at least 12 of the 17 incentive measures and have at least 60% of their members enrolled in a patient-centered primary care home. All of Oregon's CCOs showed improvements in a number of quality measures and 13 of 16 CCOs earned 100 percent of their quality pool payments in 2014.

Strengthening primary care infrastructure through alternative payment approaches across multiple payers was a key recommendation by the Oregon Health Policy board and developed into Senate Bill (SB) 231 which has been under active discussion in the current legislative session. SB 231 requires certain carriers, PEBB, and OEBB to report the proportion of their medical expenses allocated to primary care to the Department of Consumer and Business Services. Additionally, it asks that OHA convene a primary care payment reform collaborative to advise and assist OHA in developing a Primary Care Transformation Initiative.

In January 2015, Oregon's Public Employees' Benefit Board began offering more than 130,000 public employees new health care plans including elements of the coordinated care model across the state. PEBB is continuing its work toward the CCM model and currently focusing efforts on:

- Developing year two reporting requirements for Alternate Payment Models and health system transformation efforts
- Reviewing alignment with CCO metrics and finalizing technical issues for all claims-based measures
- Working closely with Oregon's Office of Health Analytics to align more of the non-claims based measures (e.g., EHR adoption measure for the PEBB network)
- Developing baseline year for all carriers (CY 2015) to establish benchmarks and performance targets for carriers for CY 2016.

Policy Activities

The Oregon Health Policy Board established three focus areas for 2015 - 2016:

- improving health system transformation efforts
- integrating behavioral health with physical health delivery systems, and
- support for public health initiatives.

In addition to SB 231 mentioned above, Oregon's 2015 legislative session includes several measures related to payment and delivery system reform in Oregon:

- *SB 440 – Multi-payer metrics alignment*. Oregon's next step on aligning metrics and improving the availability of health plan performance data. The bill requires the OHPB to develop a strategic plan for the collection and use of health care data by September 2016. Beginning in 2017, creates a new Health Plan Quality Metrics Committee to adopt and report on quality measures for CCOs, PEBB, OEBB and state-regulated commercial plans.

- *HB 2294 – Oregon HIT Program*. This bill formally establishes the Oregon HIT Program within OHA and grants OHA authority to provide optional HIT services to support health care statewide. It also grants OHA flexibility in partnering with stakeholders and participating in collaboratives that provide statewide HIT services and updates the statute for Oregon's HIT Oversight Council.

- *SB 832 – Behavioral health homes.* This bill requires OHA to prescribe by rule standards for behavioral health homes. This work had been planned before the legislation was introduced and a series of advisory committee meetings on Patient-Centered Primary Care Home standards—including standards for behavioral health integration and behavioral health-focused medical homes—will begin in June 2015.

Coordination with Other Efforts

Building upon the successful PEBB Request for Proposals (RFP) process, the Oregon Educators Benefit Board (OEBB), which provides coverage to 147,000 beneficiaries, is preparing their RFP for the 2016 Benefit year.

The composition of OEBB results in additional and different considerations than what PEBB encountered in their process. There are currently 900 different employee groups in OEBB, including an estimated 500 collective bargaining units, some of whom are represented by the Oregon Education Association and Oregon School Employees Association, representing 45,000 educators / 20,000 education employees. OEBB represents 247 employers, including school districts, educational service districts and community colleges. The complexity of this group has led the Board to take a few more months to refine its RFP, revising the release date from July to September 2015. Proposals will be due early November 2015. Decisions from the Board are expected May 2016 for contracts starting in October 2016.

Specific objectives of the OEBB RFP include:

- Expand the Coordinated Care Model based health plan offerings and availability in Oregon counties
- Contract with health plan partners committed to transforming Oregon's healthcare system to achieve the Triple Aim.

RFP language includes questions specific to the elements outlined in the Framework for Contracting and Procurement developed by the Coordinated Care Model Alignment Workgroup. The RFP asks proposers to:

- Describe clinical guidelines used in provider engagement efforts
- Assistance the plan provides, including a description of support for practices to achieve PCPCH certification and advancing through PCPCH tiers
- Demonstrate the plan's support of population health initiatives
- Describe how payment methodologies are used to achieve health outcomes
- Provide price and quality information to patients and providers

The draft OEBB RFP available at
http://www.oregon.gov/oha/OEBB/MeetingDocuments/OEBB%20Board%20Handout%204-28-2015.pdf

Self Evaluation

Evaluation progress this reporting period includes a baseline study assessing coordinated care model (CCM) spread among CCOs, health plans, hospitals, and provider organizations conducted by Providence Center for Outcomes Research and Education (CORE). CORE used results from a 2015 survey to measure extent of each organization's

transformation in 11 domains and interviewed a subset of organizations to provide context for survey results. The report finds Oregon is most transformed in domains related to community engagement and integrated care and least transformed in domains related to population health and alternative payment systems. Transformation among health plans equals or exceeds that among CCOs in some domains, suggesting payer transformation is not limited to CCOs. To assess CCM spread over time, CORE will re-administer the survey in spring 2016. CORE will also develop and administer a survey of employers who purchase health coverage to assess employer understanding and attitudes regarding the CCM.

In addition, Oregon Health & Science University's Center for Health Systems Effectiveness (CHSE) delivered a plan for evaluating effects of Medicaid transformation on individuals with non-Medicaid coverage. Medicaid transformation may affect health care quality and utilization for such individuals if clinics that are working to improve care management and coordination for Medicaid patients also adopt these improvements for other patients. Under the plan, CHSE will analyze claims and encounter data to determine whether change in outcomes for Medicaid patients is associated to changes in quality and utilization for non-Medicaid patients, indicating whether Medicaid transformation "spills over" to non-Medicaid patients. In addition, CHSE will construct measures of spillover for specific CCOs and health plans and compare these claims-based measures to the survey-based measures of transformation developed by CORE. CHSE will deliver a final report by September 2016.

Additional Information

Oregon's Metric Reference Guide has been updated to reflect the complexities of accurately capturing the percentage of participating providers. We have included two metrics based on Oregon's Physician Workforce Survey: 1) Percentage of physicians who indicated they have Medicaid patients under their care, and 2) Percentage of physicians who indicated they are accepting new Medicaid patients. Please note that Oregon currently reports these metrics to CMS under Oregon's Medicaid Waiver (see here: http://www.oregon.gov/oha/Metrics/Pages/measure-provider.aspx).

In addition, NCQA updated specifications for Plan All-Cause Readmissions. For this report, Oregon entered the measure using the 2015 specifications. Please note that the updated specifications have more denominator exclusions than previously, meaning the 2015 specifications will produce a higher rate (all other factors being equal). Oregon's 2012 baseline recalculated using HEDIS 2015 specifications: **10.45%**

Percentage of Beneficiaries Impacted Statewide: Per Metrics Reference Guide, includes estimated number of commercial beneficiaries impacted in numerator, which was not included in prior reports.

Number of Individuals Receiving Health Care Interpreter (HCI) Training from State: 35 interpreters completed training in June. Second cohort has begun.

Proportion of PEBB Service Payments that are Non-FFS: Discussions underway to develop a tool to collect this information from PEBB plan providers. The tool may be adapted from the CCO financial report.

Sustainable Healthcare Growth Methodology: A paper was presented to the Health Policy Board on Sustainable Health Expenditure Workgroup progress and established a work plan for 2015/16. Expands the preexisting methodology to identify additional data sources and improve existing ones. 2015/16 work will focus on identifying drivers of spending and recommendations for potential accountability mechanisms aimed at containing or lowering cost.