Steve Sisolak
Governor

Richard Whitley
Director

State of Nevada

Department of Health and Human Services

10-19-22 Meeting

Patient Protection Commission

Helping people. It's who we are and what we do.

Agenda

1. Guest Presentation: Benchmark Accountability Mechanisms and Lessons Learned in Oregon

2. Nevada's Health Care Cost Growth Benchmark: Data Submission Status Report

3. Options for Cost Growth Mitigation Strategies
   A. Health Insurance Rate Review
   B. Multi-Payer Value-Based Payment

4. Primary Care Spend Measurement and Reporting: Examples from Other States

Guest Presentation: Benchmark Accountability Mechanisms and Lessons Learned in Oregon

Oregon's Sustainable Health Care Cost Growth Target Program: Implementation & Accountability

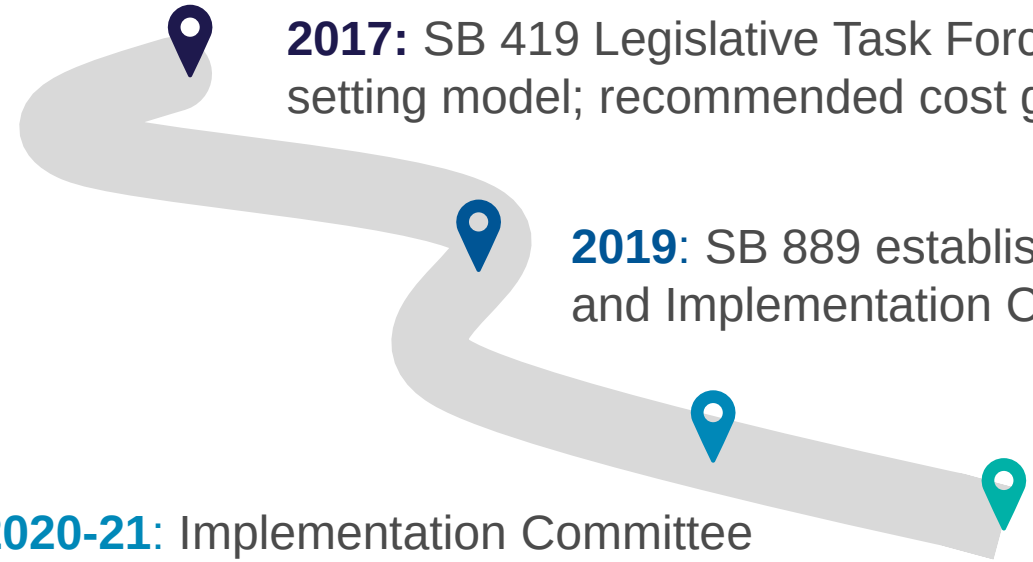
Nevada Patient Protection Commission | October 19, 2022

Sarah Bartelmann

Oregon Health Authority

HEALTH CARE COST GROWTH TARGET

Oregon's Path to a Cost Growth Target



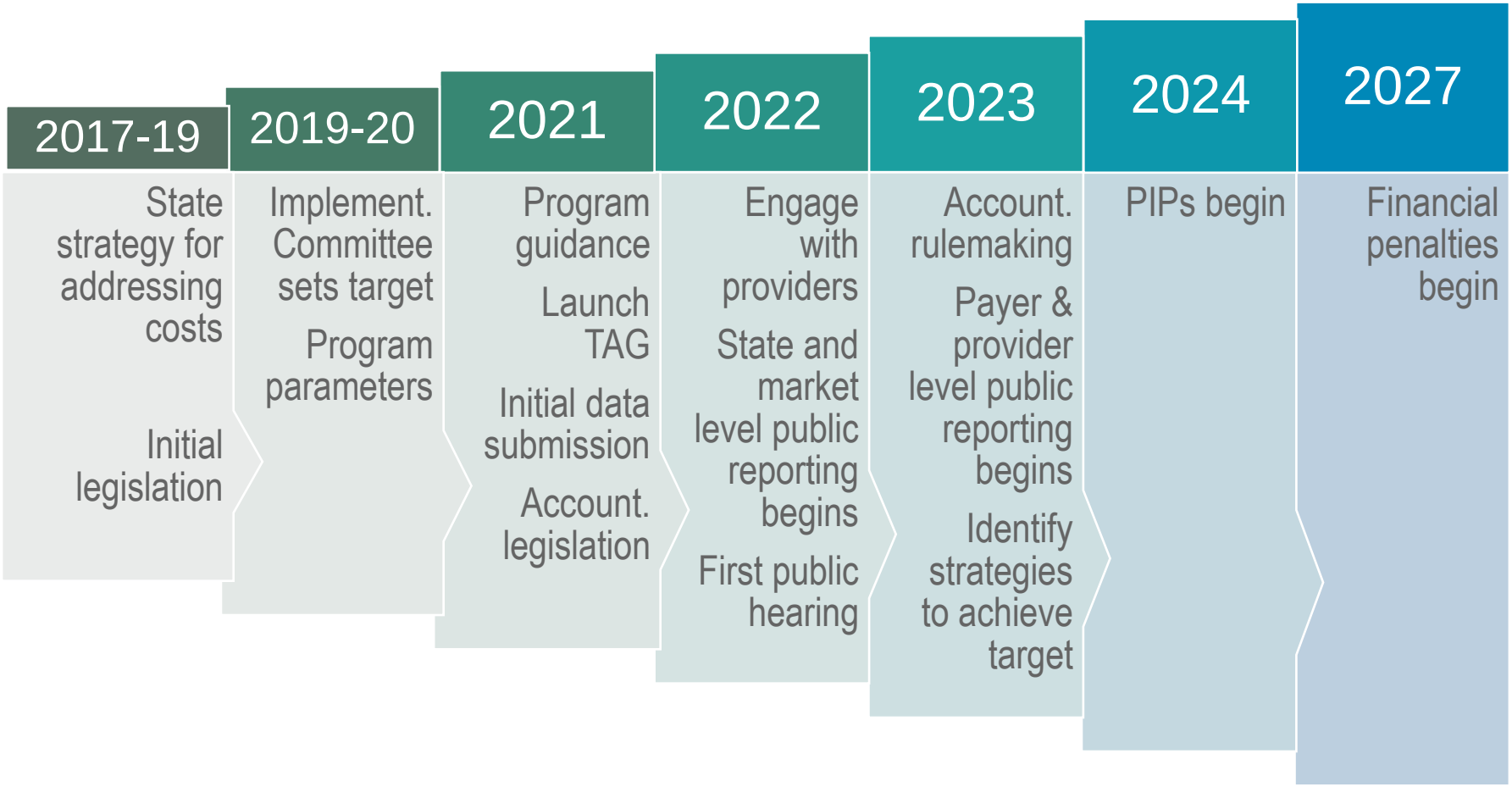
2017: SB 419 Legislative Task Force considered a hospital rate-setting model; recommended cost growth target approach.

2019: SB 889 established Cost Growth Target program and Implementation Committee.

2020-21: Implementation Committee developed recommendations to guide the program.

2021: HB 2801 established accountability mechanisms.

Phased Implementation



The Implementation Committee set Oregon's cost growth target for the next 10 years.

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

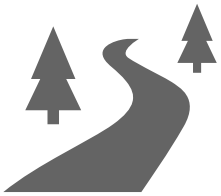
Cost growth target = **3.4%**

Informed by historical GDP and historical median wage

Cost growth target = **3.0%**

The Advisory Committee will revisit the target in 2025 and determine if 3.0% is still appropriate.

Taking Action: Accelerating the Adoption of Advanced Value-Based Payments (VBP)



VBP Roadmap set targets for Oregon's Medicaid Managed Care Organizations

Cost Growth Target Implementation Committee identified VBP as an initial "taking action" strategy to achieve the target, resulting in…

The VBP Compact, a voluntary, collaborative partnership with payers and providers to accelerate VBP adoption across markets.

More information: https://www.oregon.gov/oha/HPA/dsi-tc/Pages/Value-Based-Payment.aspx

Working with Payers

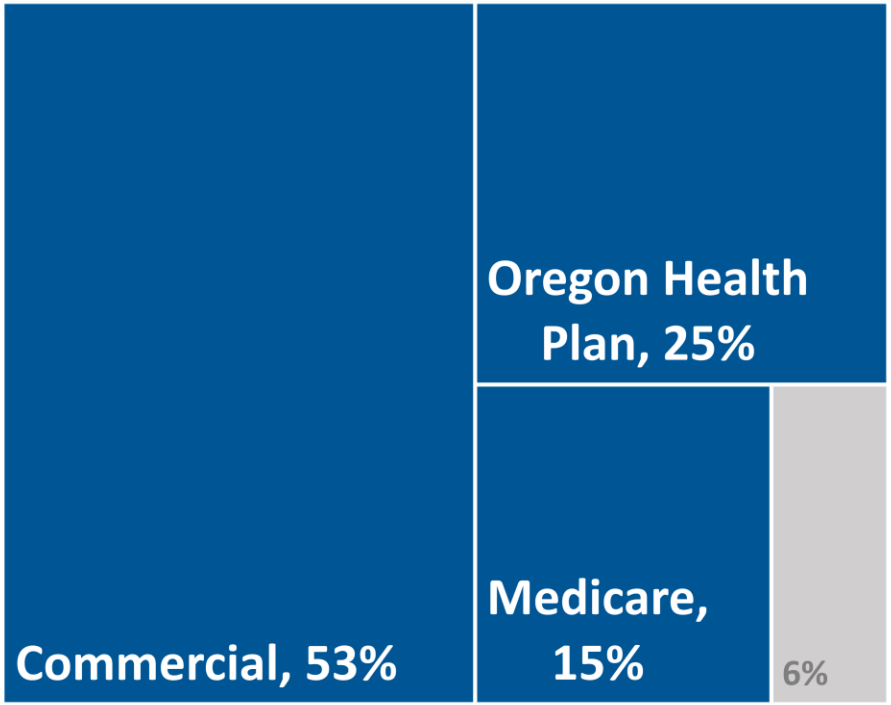
"The Legislative Assembly intends to establish a health care cost growth target for all providers and payers to support accountability for the total cost of health care across **all providers and payers, both public and private**…"

- Senate Bill 889, 2019

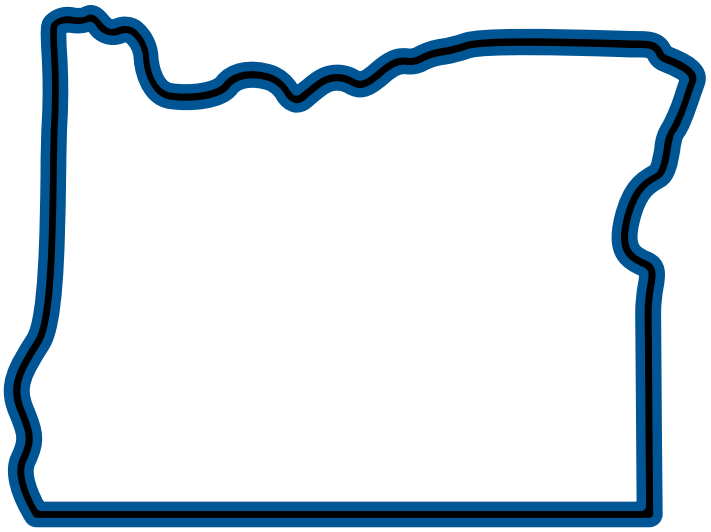
Our Implementation Committee recommended our measurement should be inclusive of spending on behalf of Oregon residents who are insured by …

- ✓ Medicare
- ✓ Medicaid
- ✓ Commercial insurance (including self-insured)

Spending on behalf of more than 90% of Oregon residents is included in our Cost Growth Target



Oregon’s robust domestic insurance market



15 Medicaid Managed Care Plans

21 Commercial large group plans

26 Medicare Advantage Plans

28 Commercial Individual / Small Group

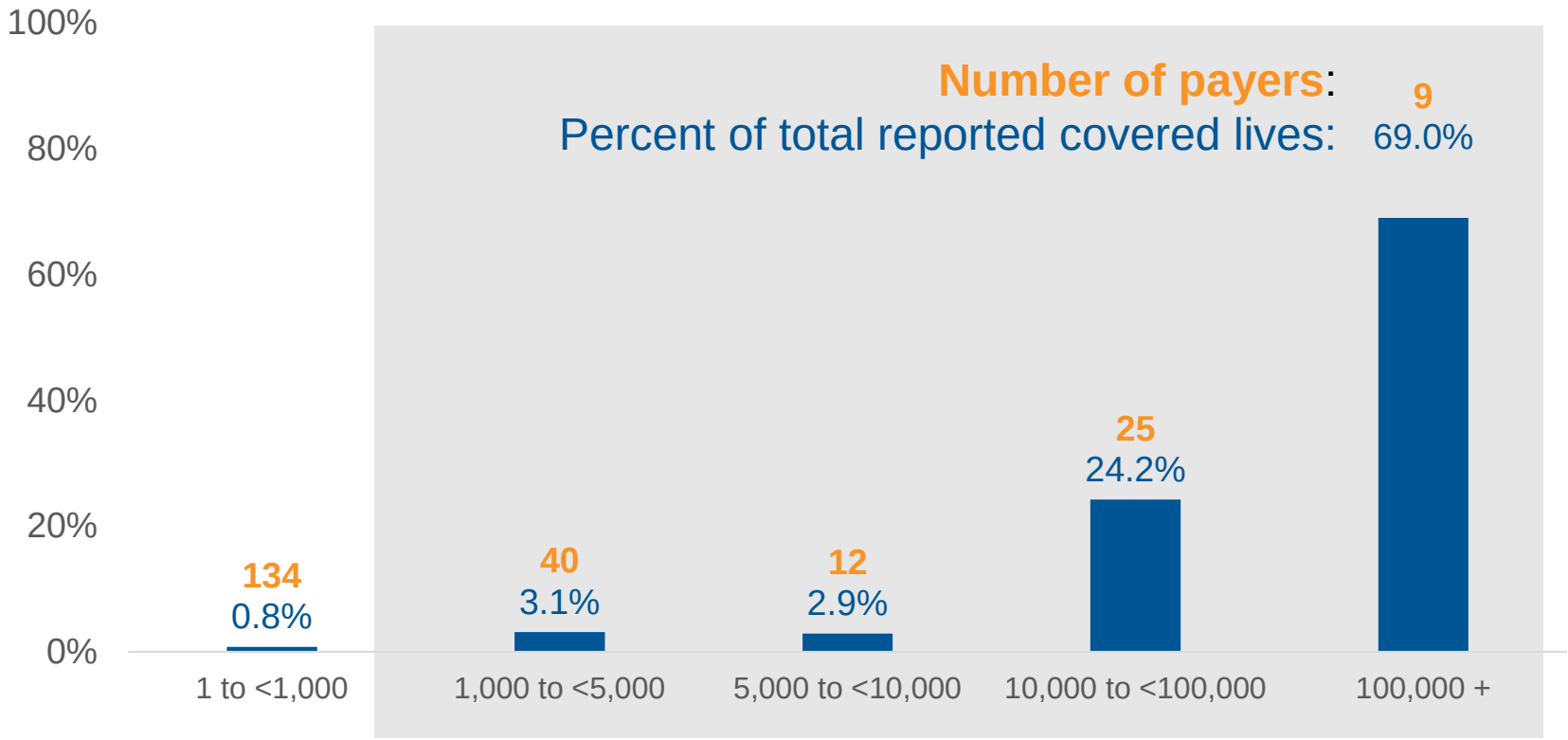
Almost 90 self-insured plans (that we know)

Q2 2022 Enrollment Report
https://dfr.oregon.gov/business/reg/reports-data/annual-health-insurance-report/Pages/health-ins-enrollment.aspx

Our Implementation Committee recommended only collecting data and report on cost growth for payers that meet a minimum member population size

Data Submission

All payers and TPAs with at least 1,000 covered Oregon lives across all lines of business.



Cost Growth Target Reporters for 2022 Data Submission

Mandatory Reporters

At least 1,000 members across all lines of business

Payer (company name)	Commercial*	Self-Insured	TRICARE and other federal	Medicare Advantage	Medicare HMO	Medicaid	TOTAL
ADVANCED HEALTH						25,059	25,059
AllCare Hlth Grp							
ALLCARE CCO						55,651	55,651
ALLCARE HEALTH PLAN, INC.				4,497			4,497
Cambia Health Solutions Inc							
REGENCE BLUECROSS BLUESHIELD OF OREGON	204,545	88,900	54,482	55,667	4,831		408,425
CareOregon Inc Grp							
COLUMBIA PACIFIC CCO						31,764	31,764
HEALTH PLAN OF CAREOREGON, INC.				13,484			13,484
JACKSON CARE CONNECT						57,508	57,508
Cascade Comprehensive Care Grp							
ATRIO HEALTH PLANS, INC.				20,179			20,179
CASCADE HEALTH ALLIANCE						22,940	22,940

https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20documents/2022-Cost-Growth-Target-Payer-List.pdf

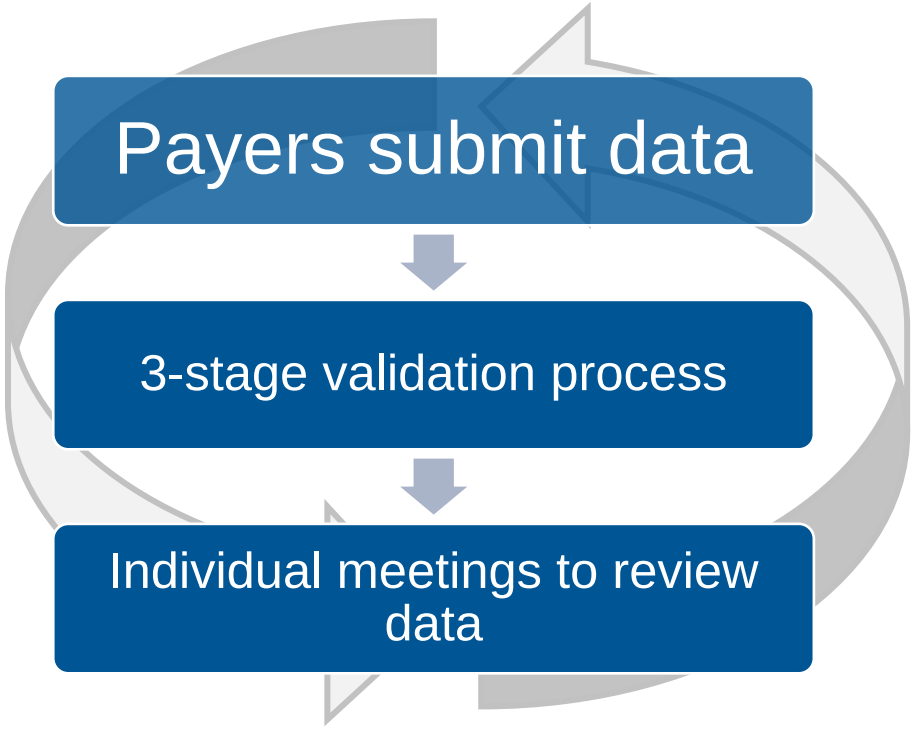
Example: Regence BlueCross BlueShield of OR

Payer (company name)	Commercial*	Self-Insured	TRICARE and other federal	Medicare Advantage	Medicare HMO	Medicaid	TOTAL
ADVANCED HEALTH						25,059	25,059
AllCare Hlth Grp							
ALLCARE CCO						55,651	55,651
ALLCARE HEALTH PLAN, INC.				4,497			4,497
Cambia Health Solutions Inc							
REGENCE BLUECROSS BLUESHIELD OF OREGON	204,545	88,900	54,482	55,667	4,831		408,425

Included in Commercial data submission Included in Medicare data submission

https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20documents/2022-Cost-Growth-Target-Payer-List.pdf

Data Submission & Validation with Payers



Accountability

Senate Bill 889 (2019)

Implementation Committee (2020-21)

"The Cost Growth Target Implementation Committee shall … recommend accountability and enforcement processes, which may be phased in over time…"

Options considered:

- Performance Improvement Plans
- Financial penalties
- Payer rate review & adjustment
- Provider price caps
- Provider price growth caps
- Contract review & approval
- AG enforcement of charitable trust

House Bill 2081 (2021)

"For providers and payers for which health care cost growth in the previous calendar year exceeded the health care cost growth target… require [them] to develop and undertake a **performance improvement plan.**

"The authority shall adopt by rule criteria for imposing a **financial penalty** on any provider or payer that exceeds the cost growth target without reasonable cause in three out of five calendar years or on any provider or payer that does not participate in the program.."

https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2081/Enrolled

Oregon's Approach to Accountability

Transparency

Performance Improvement Plans

Financial Penalties

Ongoing conversations to understand cost growth drivers and reasons for exceeding the cost growth target in a given year

Before any accountability measures are applied, Oregon will…

Ensure statistical confidence

Only entities that exceed the cost growth target with statistical certainly may be held accountable

Determine reasonableness

Only entities that exceed the cost growth target without good reason may be held accountable

Potential good reasons for excess cost growth…

- Changes in mandated benefits
- New pharmaceuticals or treatments / procedures
- Changes in taxes or other administrative factors
- “Acts of God” – pandemics, natural disasters, etc.
- Changes in federal or state law
- Investments to improve population health
- Investments to address health equity

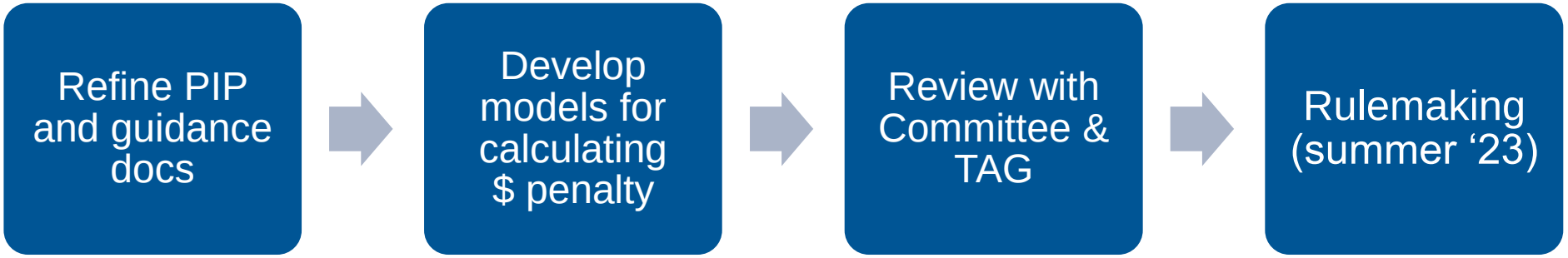
https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/Cost%20Growth%20Target%20Committee%20Recommendations%20Report%20FINAL%2001.25.21.pdf

Oregon's accountability measures are phased in

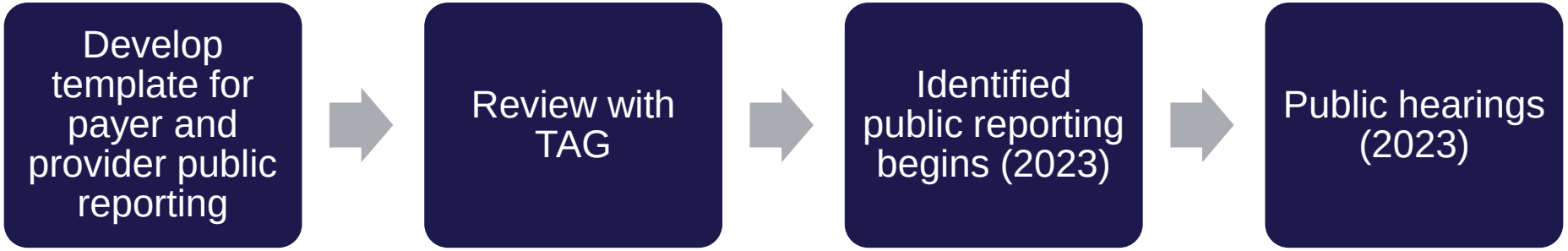
		We are here				
CGT Year	**0**	**1**	**2**	**3**	**4**	**5**
Cost growth between	2018 – 20	2020 – 21	2021 – 22	2022 – 23	2023 –24	2024 – 25
Data submitted in	2021	2022	2023	2024	2025	2026
Are payers/providers publicly identified?	No	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Do PIPs apply?	No	No	**Yes**	**Yes**	**Yes**	**Yes**
Does $ penalty apply?	No	No	No	No	No	**Yes**

https://www.oregon.gov/oha/HPA/HP/HCCGBMeetingDocs/12.%20Accountability%20timeline%2012.16.20.pdf

Next Steps: Accountability Mechanism Development



Next Steps: Public Reporting



For More Information

Email:

HealthCare.CostTarget@oha.oregon.gov

sarah.e.bartelmann@dhsoha.state.or.us

Website:

https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx

Nevada's Health Care Cost Growth Benchmark: Data Submission Status Report

Baseline Aggregate Data Request of Nevada Health Insurers

Letter to health insurers 4/11/22

Baseline data request informational webinar 5/16/22

Due date for data submissions 8/30/22

Data validation communications to insurers began week of 10/3/22

NV Health Insurers Requested to Report Aggregate Data for the Following Categories

Insurer	Commercial Fully and Self-Insured	Medicare Managed Care	Medicaid Managed Care
Aetna	X	X	
Anthem	X	X	X
Centene	X	*	X
Cigna	X		
Humana	X	X	
Renown Health	X	*	
UnitedHealthcare	X	X	X

Per NV Data Specification Manual 2022 submitted to all NV health insurers during informational webinar 5/16/22.
https://ppc.nv.gov/Benchmark/Nevada_Health_Care_Cost_Growth_Benchmark/

* Per the Data Specifications Manual, Centene and Renown Health were not listed as Insurers required to submit Medicare Managed Care data. However, NV Division of Insurance reports these insurers as operating in this market.

NV Health Insurer Reporting of Aggregate Data for the Following Categories

Insurer	Commercial Fully and Self-Insured	Medicare Managed Care	Medicaid Managed Care
Aetna	TBD	TBD	
Anthem	Yes	Yes	Yes
Centene	No self-insured No partial claims	*	Yes
Cigna	Yes		
Humana	No partial claims	No	
Renown Health	No partial claims	*	
UnitedHealthcare	No self-insured No partial claims	Yes	Yes

Per NV Data Specification Manual 2022 submitted to all NV health insurers during informational webinar 5/16/22.
https://ppc.nv.gov/Benchmark/Nevada_Health_Care_Cost_Growth_Benchmark/

* Per the Data Specifications Manual, Centene and Renown Health were not listed as Insurers required to submit Medicare Managed Care data. However, NV Division of Insurance reports these insurers as operating in this market.

Overview of Cost Growth Benchmark Accountability Mechanisms Discussed To Date

Massachusetts (legislation passed in 2012)

- Accountability mechanisms include annual cost trends hearings, cost trends reports and performance improvement plans.
- Recent study of the MA benchmark accountability mechanisms:
  - While the law achieved early success in holding spending growth below the benchmark, the influence of the benchmark on payers and providers has waned over time, as stakeholders realized the limits of the scope and authority of the accountability mechanisms.
  - Most study respondents recommended stronger enforcement and "more teeth" going forward.

California (legislation passed in 2022)

- Accountability mechanisms include progressive enforcement of compliance with cost growth benchmarks, beginning with technical assistance and increasing over time to include required testimony at public meetings, performance improvement plans, and assessment of escalating financial penalties.

Consider Potential Accountability Mechanisms for Nevada

Questions and Discussion (1)

The cost growth benchmark BDR includes public reporting and an annual informational public hearing on health care cost trends and the factors contributing to such costs and expenditures.

1) Should Nevada consider pursuing additional accountability mechanisms for the cost growth benchmark, including a potential phased-in approach over time?
2) What is your rationale?
3) Do you require any additional information?

Option for Cost Growth Mitigation Strategies: Health Insurance Rate Review

What is Health Insurance Rate Review?

- **Strategy:** Use the insurance rate review process to push down premiums in state-regulated health insurance markets.
- **Terminology:** "Rate" refers to the price of a health insurance plan. Premiums are calculated from base rates, taking into account factors such as age, geography, and coverage type.

Why Focus on Rate Review? (1 of 2)

- **Affordability**: Make health care more affordable for individuals and businesses
  - Almost two-thirds (65%) of respondents from a recent NV survey reported experiencing at least one health care burden in the past year; and 83% worried about affording health care in the future.
  - Over half (59%) of all survey respondents reported delaying or going without healthcare during the prior 12 months due to cost.
  - A recent national report showed NV as among the top eight states for the highest average employee share of premium (9.4%) as percent of median state income in 2020.
  - NV is also one of the top four states where workers were responsible for 37% or more of their family premium.

Sources: Nevada Consumer Healthcare Experience State Survey, 2022; Commonwealth Fund, State Trends in Employer Premiums and Deductibles, 2010-2020

Why Focus on Rate Review? (2 of 2)

- **Cost containment**: Push payers to push providers to bring down the total cost of care.
- **Transparency**: Increase transparency of health care pricing and costs, and educate consumers on what is driving health insurance premium increases.

Current Rate Review Authority and Process in Nevada (1 of 2)

- Nevada law requires prior approval by the Division of Insurance (DOI) for any individual or small group rate change.
  - DOI authorized to approve, disapprove and modify proposed rate changes
- Factors considered when determining whether a proposed rate is justified include:
  - Past claims experience, reflecting the cost of care
  - Utilization of medical services and prescription drugs
  - Insurer's history of rate changes, its financial condition, administrative costs, profits, other sources of revenue and any other factors used to justify its proposed premium rate change
- The public may submit comments to DOI regarding proposed rate changes, which will also be considered during the rate review process.

Current Rate Review Authority and Process in Nevada (2 of 2)

- DOI has 30 days from the date the rate change application is complete, to approve, modify or disapprove an insurer's rate change application.
- DOI may modify or reject rates determined to be excessive, inadequate or unfairly discriminatory.
- Public education and engagement
  - DOI website contains an online video explaining the rate review process
  - Online search tool enables comparison of proposed and approved average rates for each plan, as well as redacted actuarial memos and rate change justifications

Opportunities to Strengthen Rate Review

- Strengthen statutory authority
- Strengthen stakeholder and public engagement
- Build alignment with other cost containment initiatives
- Improve monitoring for impact

Strengthen Statutory Authority

- Establish the ability to consider the "public interest," "affordability" or other similar criteria
- Obtain authority over a larger portion of the market (individual, small group and large group)
- Ensure sustainable funding for operations
  - User fees, costs of examinations, reimbursing for actuarial expenses

Strengthen Stakeholder and Public Engagement

- Engage the public and promote transparency
  - Share additional materials on proposed rate changes, including consumer-friendly summaries of the proposed rate changes and justifications, and questions and challenges between insurance companies and DOI
  - Hold public informational meetings or hearings
  - Provide expanded opportunities for public questions and comment, such as through public informational hearings or via an advisory structure
- Engage stakeholders
  - Communicate with carriers via public meetings to enable open dialogue

Build Alignment with Other Cost Containment Initiatives

- Use rate review as a tool to increase transparency about cost drivers and build alignment with other state cost containment initiatives
  - Collect information from insurers about the impact of specific cost drivers and strategies insurers are implementing related to affordability, as well as information about provider prices and price variation.
  - If NV opts to pursue other affordability goals (e.g. value-based payments, primary care spending, or provider price growth caps), the rate review process could be used to obtain information on progress toward those goals.

Improve Monitoring for Impact

- Monitor impact on access, quality & equity
  - Protect against unintended negative consequences on access to care and member experience
  - Examine disparities in access to affordable health care coverage when tracking program impact
- Document savings from the program
  - Monitor the impact that rate review has on affordability
- Build a focus on equity
  - Ask how cost and quality initiatives undertaken by insurers advance health equity goals
  - Ensure that stakeholder engagement includes proactive outreach to diverse communities

State Example: Rhode Island

- Rhode Island has a robust rate review process
  - Office of Health Insurance Commissioner (OHIC) has authority to review large group policies, as well as individual and small group
  - Authority to require submission and allow OHIC review of provider-payer contracts
  - Broad charge to protect the public interest and improve the health care system as a whole, which applies to the rate review process
  - Highly transparent stakeholder engagement process with regular public meetings, opportunities for both written and oral comments and advisory committees
  - Rate review process is tied to broader affordability goals of adoption of VBP, primary care spending and provider price growth caps

Summary and Potential Opportunities

- States can make incremental or more sweeping changes to their rate review process.
- Potential opportunities to strengthen rate review in Nevada include:
  - Adding affordability or public interest criteria
  - Expanding to the large group market
  - Enhancing transparency and public engagement through additional online materials and holding public informational hearings

Questions and Discussion (2)

1. Should Nevada consider pursuing strategies to strengthen the health insurance rate review process?
2. What is your rationale?
3. Do you require any additional information as you consider this policy option?

Please note, we are *not* asking for a recommendation (or vote) today. We may revisit this strategy during a future meeting.

Option for Cost Growth Mitigation Strategies: Multi-Payer Value-Based Payment

What is Multi-Payer Value-Based Payment?

- Value-based payment (VBP) is a strategy by which health care purchasers and payers use payment to hold provider organizations accountable for quality and cost of care.
  - *Advanced* VBP models involve risk transfer and may include prospective payment.
- VBP models can potentially slow the rate of health care cost growth by applying a **budgeting mechanism** to payment.
- Moving towards VBP models is most effective when multiple payers (Medicare, Medicaid, commercial) align around a common VBP model ("multi-payer VBP").
- Oregon and Rhode Island are currently pursuing multi-payer VBP as a cost growth mitigation strategy to help the state attain its cost growth benchmark.

Examples of Multi-Payer VBP Models

- States have tested a variety of multi-payer VBP models, as summarized in the table below

VBP Model	Summary
Hospital global budgets	Fixed payment, determined prospectively, based on historical utilization and adjusted annually based on changing demographics, market share and service mix
Episode-based payment	Bundled payment for all services related to a specific episode of care, usually connected to a specific service or condition
Specialty capitation (specialty prospective payment)	Prospective per capita monthly payment for all the patients for whom a specialty group is accountable (only includes payment for services to be delivered by the specialty group)
Global capitation	Involves a prospective budget and prospective payment
Total cost of care with shared savings	Involves a prospective budget, with fee-for-service payment and retrospective reconciliation

Key Decisions for Designing and Implementing VBP models

Key decisions states should consider when designing and implementing multi-payer VBP models:

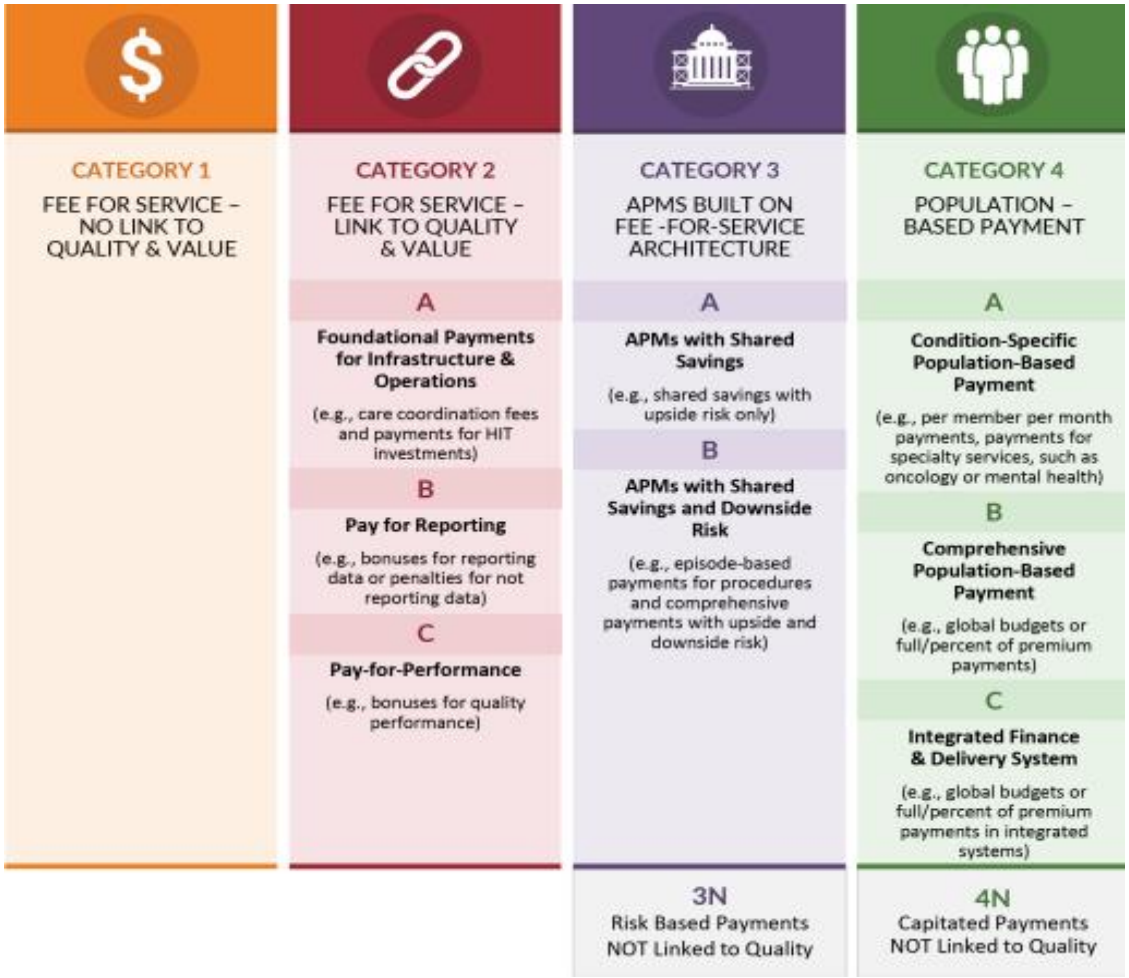
1) Conduct a readiness assessment
2) Determine goals for adopting a multi-payer VBP model
3) Select and design the aligned payment model
4) Determine whether to take a voluntary or mandatory approach
5) Determine how aligned the model will be
6) Decide how to support providers so that they succeed with the VBP model
7) Monitor progress towards VBP model goals

State Example: Oregon (1 of 2)

- In 2021, Oregon created a voluntary VBP compact through its Sustainable Health Care Cost Growth Target Implementation Committee.
- The compact establishes principles and sets yearly targets (2021-2024) for payers to have a certain percentage of their payments under advanced VBP models.
- In September 2021, Oregon's VBP compact had 47 payer and provider organization signatories, covering 73 percent of the state's population.

State Example: Oregon (2 of 2)

Alternative Payment Model (APM) Framework
Health Care Payment Learning & Action Framework (LAN)



Oregon compact specifies:

- Annual **payer targets for all their payments** under advanced VBP models (3A and higher)
- Annual **payer targets for payments to primary care practices and general acute care hospitals** under advanced VBP models (3B and higher)

State Example: Rhode Island (1 of 2)

- In 2022, Rhode Island created a voluntary VBP compact through its Health Care Cost Trends Steering Committee. The compact includes principles, action steps and targets to accelerate the adoption of VBP models.
- The compact's targets include establishing a timeline for developing a hospital global budget model, and a timeline for development of an aligned advanced VBP model for one high-volume medical specialty.

State Example: Rhode Island (2 of 2)

- Prior to establishment of the compact, RI had other mechanisms to promote the adoption of VBP models.
- The Office of the Health Insurance Commissioner (OHIC) requires commercial payers to participate in VBP models through its "Affordability Standards" regulation.
  - Insurers had to have 50% of payments made through an alternative payment model by 2021 (and annually thereafter).
  - Insurers had to meet annual targets for the percentage of insured residents attributed to a prospectively paid primary care alternative payment model, with the goal of 60% by 2024.

Questions and Discussion (3)

1. Should Nevada consider pursuing strategies to promote multi-payer value-based payment?
2. What is your rationale?
3. Do you require any additional information as you consider these policy options?

Please note, we are *not* asking for a recommendation (or vote) today. We may revisit this strategy during a future meeting.

Primary Care Spend Measurement and Reporting: Examples from Other States

Why Measure and Invest in Primary Care?

- Primary care is associated with improved population health and more equitable outcomes.
- Increased primary care investment:
  - Translates to expanded care teams, more convenient, low-cost access to care, and strong connections to public health and social supports.
  - Reduces the need for emergency department visits and hospital stays, and may have a moderating effect on total cost of care.
- The US spends only one-third of what other high-income countries do on primary care, yet we spend more than twice as much on health care per capita and experience worse outcomes on life expectancy, rates of chronic disease, and other critical measures.
- Spending on primary care is far lower than on other health care services and has trended downward in the past several decades.

Primary Care in Nevada

- Nevada ranks 48th in the country for primary care physicians per capita.
- An estimated 67.3% of the state's population reside in a federal designated primary care Health Professional Shortage Area
  - Physician shortages can hinder patient access, especially in rural regions.
- Nevada currently ranks poorly among states for some key measures of primary care, including 47th for diabetic adults without a hemoglobin A1c test and 50th for children without a medical home.

Leveraging the Benchmark Data Collection Process for Primary Care

- The cost growth benchmark BDR leverages the cost growth benchmark data collection processes to collect more detailed information on primary care-related spending.
  - The BDR specifies that DHHS measure and report on primary care spending in the state, and the percentage of total health care spending allocated to primary care.
- While there are many possible steps to improve primary care within the state, one is to ensure adequate investment in primary care, which first entails the measurement of current primary care spending.

Activities for Increased Primary Care Investment

- States are engaging in a wide range of activities to increase understanding of primary care spending and promote increased investment in primary care.
    1. Measuring primary care investment regularly to:
        - Ascertain the portion of the health care dollar allocated to primary care providers
        - Determine funding adequacy of the core primary care delivery system
        - Develop data collection and measurement systems to inform creation of a primary care investment target or requirement and measure progress
    2. Implementing care transformation and/or payment innovation for primary care
    3. Implementing primary care spend voluntary targets or requirements

Primary Care Investment Targets (1 of 2)

6 states have set primary care investment targets:

- **Colorado** passed legislation in 2019 that set targets for investment in primary care (+1% in 2022 and 2023).
- **Connecticut** first established a primary care spending target in 2020 via an Executive Order. In 2022, the legislature passed a bill codifying the spending target into statute (10% by 2025).
- **Delaware** passed legislation in 2018 establishing a primary care reform collaborative, which recommended a primary care spending target that was passed into law in 2022 (11.5% by 2025).

Primary Care Investment Targets (2 of 2)

- **Oregon** first passed legislation in 2015 to measure and annually report levels of primary care spend. In 2017, OR passed legislation setting a minimum primary care spend threshold for all payers (12% by 2023).
- **Rhode Island's** Office of the Health Commissioner enacted Affordability Standards promulgated via regulation that contain the primary care spending target (primary care expenses at least 10.7% of annual medical expenses).
- **Washington** Health Care Authority signed a memorandum of understanding with eight payers agreeing to increase primary care investment to a yet-to-be-determined target as part of the WA Primary Care Transformation Initiative.

Questions & Discussion